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UNITED STATES DEPARTMENT OF AGRICULTURE

U.S. FOREST SERVICE

WASHINGTON, D.C.

February 10, 1974

Dear Sir:

Reference is made to your letter of January 15, 1974.

Final Report, dated December 9, 1973.

Preliminary Report, dated November 29, 1973.

Enclosure, dated November 19, 1973.

Opinion of the Attorney General, dated December 12, 1973.

Letter from the Securities and Exchange Commission, dated January 18, 1974.

Letter from the Secretary of Agriculture, dated August 1, 1973.

Proposed Amendment to the Regulations of the Treasury.

Letter from the Secretary of the Treasury, dated August 10, 1973.

Letter from the Secretary of the Treasury, dated August 10, 1973.

Letter from the Acting Controller of the Currency, dated December 30, 1973.

Letter from the Controller of the Currency, dated April 27, 1974.

Letter from the Controller of the Currency, dated June 13, 1974.

Letter from the Controller of the Currency, dated June 13, 1974.

Letter from the Controller of the Currency, dated June 13, 1974.

U. S. DEPT OF AGRICULTURE
WASHINGTON, D.C.

MAY 3 1 1974

CONTINUED - PREP.

UNITED STATES DEPARTMENT OF AGRICULTURE

3001 3002
U.S. FARMERS' HOME ADMINISTRATION

\$300,086,379.86

2001
Farmers Home Insured Notes

TABLE OF CONTENTS

	<u>DOCUMENT NUMBER</u>
Final Prospectus, dated December 9, 1970	1
Preliminary Prospectus, dated November 25, 1970	2
Timetable, dated November 19, 1970	3
Opinion of the Attorney General, dated December 29, 1969	4
Letter from the Securities and Exchange Commission, dated January 14, 1970	5
Letter from the Secretary of Agriculture, dated August 8, 1970, submitting the proposed financing to the Secretary of the Treasury	6
Letter from the Secretary of the Treasury, dated August 10, 1970, to the Secretary of Agriculture	7
Letter from the Acting Comptroller of the Currency, dated December 30, 1969	8
Letters from the Comptroller of the Currency, dated April 27, 1970 and June 12, 1970, con- cerning purchase of securities by national banks which are members of an underwriting syndicate	9

Delegation of Authority, dated January 17, 1970 to the Assistant Administrator (Insured Note Marketing) of the Farmers Home Administration	10
Power of Attorney	11
Agreement Among Underwriters	12
Purchase Agreement	13
Preliminary blue sky survey	14
Legal investment survey	15
Letter from the Representatives of the Underwriters, dated December 9, 1970, setting forth information furnished for use in the Prospectus	16
Tombstone advertisement, dated December 10, 1970	17
Approval, dated December 8, 1970, of certain terms of the offering by the Fiscal Assistant Secretary, Department of the Treasury	18
Fiscal Agency Agreement between the Farmers Home Administration and the Federal Reserve Bank of New York	19
Letter, dated December 11, 1970, from the Farmers Home Administration to the Federal Reserve Bank of New York	20
Form of Insurance Contract with instructions for completion	21
Closing Memorandum	22
Certificate as to incumbency and signatures	23
Certified specimen Insurance Contract	24

Bailment Agreement, executed as of December 22, 1970	25
Certified copies of the Consolidated Farmers Home Administration Act of 1961 and Title V of the Housing Act of 1949	26
Closing certificate pursuant to Section 7(e) of the Purchase Agreement	27
Opinion, dated December 22, 1970, of the Deputy General Counsel, U. S. Department of Agriculture	28
Opinion, dated December 22, 1970, of Messrs. Brown, Wood, Fuller, Caldwell & Ivey	29
Letter, dated December 22, 1970, from Morgan Guaranty Trust Company of New York authorizing the Federal Reserve Bank of New York to charge its account and credit to the account of the Farmers Home Administration \$292,735,991.15	30
Certificate of Deposit in the amount of \$292,735,991.15 issued by the Federal Reserve Bank of New York to the Farmers Home Administration	31
Letter, dated December 22, 1970, from Manufacturers Hanover Trust Company acknowledging receipt of 600 Insurance Contracts from the Federal Reserve Bank of New York	32
Letter, dated December 22, 1970, from Manufacturers Hanover Trust Company advising the Representatives of the Underwriters of its receipt of 600 Insurance Contracts against payment therefor	33
Receipt of Farmers Home Administration to the Representatives of the Underwriters acknowledging payment of the full purchase price for \$300,086,379.86 Farmers Home Insured Notes	34

Recapitulation of unpaid principal amount of FHDA Insured Notes represented by each Insurance Contract	35
Representative Schedule A for Attachment to Insurance Contract	36
Letter, dated May 8, 1970, and Trust Indenture, dated September 17, 1970, relating to the sale of loans held in the Rural Housing Insurance Fund	37

Prospectus

\$300,086,379.86

United States Department Of Agriculture Farmers Home Administration

Farmers Home Insured Notes

Total Annual Interest of 7% on Unpaid Principal Amount

Principal Payable November 30, 1980 Pursuant to Repurchase Commitment

Interest payable January 31 of each year

Price 100% plus accrued interest, if any, at the above rate from December 22, 1970

Blocks of Notes held by the United States Department of Agriculture, Farmers Home Administration (herein and in the Insurance Contracts mentioned below called the "Government"), and fully insured as to principal and interest pursuant to Title V of the Housing Act of 1949, are being offered by this Prospectus. The Notes are being offered under 600 Insurance Contracts, each covering approximately \$500,000 aggregate unpaid principal amount of Notes, representing ownership of individual Blocks of whole Notes having aggregate unpaid principal balances at November 30, 1970 ranging from \$498,004.94 to \$501,983.59.

The Notes bear interest at varying rates which will be collected by the Government from the borrowers and remitted, on January 31 of each year, to registered holders of Insurance Contracts. In addition, the Government has agreed to pay to holders of Notes amounts sufficient to bring the total annual interest on the aggregate outstanding unpaid principal balance of each holder's Notes to the rate set forth above.

The Government will repurchase the Notes represented by the Insurance Contracts on November 30, 1980 (the "Repurchase Date"), from the holders thereof at 100% of the unpaid principal balances of the Notes as of January 31, 1980. Principal payments on the Notes represented by the Insurance Contracts will be made from time to time to the Government by the makers of the Notes and it is contemplated that the Government will use such funds to purchase from its portfolio for the accounts of holders of Insurance Contracts additional Notes with the purpose and intent that the aggregate outstanding principal balances of the Notes and additional Notes represented by a particular Insurance Contract shall at all times remain as near as practicable to the original principal amount. Because of the difficulty of purchasing additional Notes with principal balances exactly equivalent to such principal payments, some small remittance of principal on January 31 of each year cannot be avoided but, based on the size and variety of its existing and anticipated portfolio, the Government believes that the remittance of principal in each year will, respecting each Insurance Contract, be minimal.

The Attorney General of the United States, in an opinion dated December 29, 1969, concluded that the Government's "agreements to insure payment of principal and interest to investors and to repurchase insured notes from such investors on a specified date would be valid and would constitute general obligations of the United States backed by its full faith and credit" and that the Government's obligation to make additional interest payments as described above "would constitute a general obligation of the United States backed by its full faith and credit."

Interest is not exempt from Federal income taxes. It is expected that the Insurance Contracts in definitive form will be available for delivery on or about December 22, 1970.

The Notes represented by the Insurance Contracts will be held for the purchasers and holders of the Insurance Contracts by Mercantile Trust Company National Association, St. Louis, Missouri. Each Insurance Contract representing ownership of a particular Block of Notes is freely assignable by the registered holder thereof. Interest and principal payments, if any, are payable by U. S. Treasury check, on January 31 of each year, to the registered holders of Insurance Contracts. Notes will be repurchased, and the final installment of interest will be paid on the Repurchase Date on presentation and surrender of the Insurance Contracts at the Federal Reserve Bank of New York.

More complete information regarding the Notes and Insurance contracts appears later in this Prospectus.

Salomon Brothers

A. G. Becker & Co. Incorporated

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

The First Boston Corporation

The date of this Prospectus is December 9, 1970

HISTORY AND ACTIVITIES

The Farmers Home Administration (FHDA), an agency of the Department of Agriculture established August 14, 1946, is the third in a succession of agencies administering rural credit programs developed since the mid-1930's. FHDA makes direct government loans, insures privately funded loans, and makes grants for various purposes. Its credit services embrace financial assistance for housing; farm purchase, enlargement, development and operation; rural community facilities; and land and water resources development. The lending jurisdiction is limited to farms, open country, and rural municipalities of not more than 5,500 population.

FHDA's earliest predecessor was the Resettlement Administration. It was established by Executive Order in 1935. In general, the Resettlement Administration was assigned the responsibility for farm and home credit programs previously carried on by State Rural Rehabilitation Corporations. The agency was designated to make rehabilitation loans to farmers under the Emergency Relief Appropriation Acts of 1935 and succeeding years for operating needs such as equipment, livestock, and supplies for crop production.

In January 1937, the Resettlement Administration was transferred by Executive Order to the Department of Agriculture. In July 1937, Congress passed the Bankhead-Jones Farm Tenant Act authorizing direct government loans to farm tenants to purchase and operate farms. In August 1937, Congress enacted the so-called Water Facilities Act providing for loans to improve farm water facilities in 17 arid and semi-arid Western states. These and other functions of the Resettlement Administration passed to the Farm Security Administration (FSA) in September 1937, when by order of the Secretary of Agriculture the name of the Resettlement Administration was changed to "Farm Security Administration".

FSA was abolished and reorganized as the Farmers Home Administration pursuant to an act of Congress in 1946. Under the 1946 act, FHDA was authorized for the first time to insure loans made by private lending institutions and individuals, as well as to administer direct lending of government funds. Insured lending was limited to loans for farm ownership from 1946 through 1954, when the Water Facilities Act was amended to authorize insured loans for soil and water conservation, and to extend the Western water facilities program to all states.

FHDA authorizations under various acts governing virtually all of its programs except housing were consolidated and expanded under the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1921 et seq.). Insured lending authority was extended to include water distribution systems and outdoor recreation facilities operated by local public bodies or nonprofit corporations and serving both farm and other rural people. Authority was also included for insured loans for grazing areas to be used by family-size farms and ranches. Authorization for loans and grants to build rural community waste disposal systems and grants toward community water systems was added to the act in 1965.

A direct loan program for rural housing through the Farmers Home Administration was launched under Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.). Loans were restricted at the outset to farm owners. By amendment to the Housing Act in 1961, Congress extended direct housing loans to nonfarm rural people and introduced insured loans to provide adequate housing for farm laborers. Insured lending for low-cost rental housing for senior citizens was authorized by amendment to the Housing Act in 1962. In 1965, the Housing Act was further amended to include individual family housing loans both for farm and nonfarm rural people in the insured loan authority (42 U.S.C. 1487).

In addition to insuring the loans, FHDA is the statutory collection agent for the holders of insured notes. All payments by borrowers on the loans are made to FHDA which remits them to the note-holders annually. As insurer, FHDA makes these payments to the holders annually, regardless of whether or not the borrowers are in default. Also, FHDA performs all loan and security servicing actions.

FHDA insured loans not funded by local lenders at the time of closing are advanced from revolving funds which are replenished by sale of the insured loan notes to investors. Insured notes for farm ownership and community facility loans are funded through the Agricultural Credit Insurance Fund established under the Consolidated Farmers Home Administration Act of 1961. Insured notes for housing loans are funded through the Rural Housing Insurance Fund, a separate revolving fund created in 1965 when section 517 was added to the Housing Act.

INSURED NOTES

The Notes being offered hereby evidence rural housing loans made by the United States Department of Agriculture, Farmers Home Administration (herein and in the Insurance Contracts called the "Government") under Title V of the Housing Act of 1949 for the purchase, construction or repair of family-owned farm and nonfarm homes and essential farm buildings or the purchase of sites on which to build homes in rural areas. Each Note, at its origination, represented a long-term loan and, by its terms, provides for equal payments on January 1 of each year to its maturity in an amount sufficient to repay the principal amount thereof over such long-term period together with interest on the unpaid principal balance thereof at rates varying from 3% to 6¼% per annum. The Notes are repayable without penalty at any time prior to their maturity at the option of the borrower.

The average unpaid principal balance of each Note offered hereby is \$8,398.02 and the average number of Notes represented by any particular Insurance Contract is approximately 60.

Timely payment of principal and interest on the Notes is insured pursuant to statute by the Government. Interest payments on the Notes will be collected from borrowers by the Government and remitted, on January 31 of each year, to holders of Insurance Contracts. Respecting the first payment of interest on January 31, 1971, such remittance will include only interest allocable to the period from December 22, 1970. In addition, the Government will pay to such holders on each January 31 supplementary amounts sufficient to bring the total annual interest to the rate set forth on the cover of this Prospectus, calculated to such January 31 on the basis of the aggregate outstanding unpaid principal of each holder's Notes as of the preceding January 31, except the first interest payment on January 31, 1971 shall be on the basis of the aggregate outstanding unpaid principal of each holder's notes as of November 30, 1970. The insurance of the Notes and the obligations of the Government to pay such total interest and to repurchase the Notes on the date referred to below are backed by the full faith and credit of the United States.

Holders of Notes represented by Insurance Contracts shall be deemed, pursuant to such Contracts, to have waived any and all rights and remedies against the makers of the Notes and any others in connection with the loans evidenced thereby and any security related thereto and to have accepted such insurance in lieu thereof.

INSURANCE CONTRACTS

The Notes being offered hereby are being offered in Blocks represented by Insurance Contracts. Notes represented by any particular Insurance Contract are identified and described in a schedule attached to such Insurance Contract. The 600 Insurance Contracts represent ownership of individual Blocks of whole Notes having aggregate unpaid principal balances at November 30, 1970 ranging from \$498,004.94 to \$501,983.59.

By acceptance of an Insurance Contract a holder of Notes will be deemed to have approved the appointment of Mercantile Trust Company National Association, St. Louis, Missouri, as Custodian of the Notes purchased by such holder. Unless the holder of any particular Insurance Contract shall obtain actual physical possession of the Notes represented thereby, the holder of such Insurance Contract shall bear no risk or responsibility with respect thereto and shall not be obligated in any manner whatsoever to pay any custodial fees or expenses. Any holder of an Insurance Contract shall be entitled to obtain actual physical possession of the Notes represented thereby from the Custodian at any time.

Principal payments on account of Notes will be collected from borrowers by the Government and used, to the extent practicable, to purchase from its portfolio at 100% of the unpaid principal amount thereof additional whole Notes for the accounts of the holders of Insurance Contracts. Only Notes insured pursuant to the Consolidated Farmers Home Administration Act of 1961 or Title V of the Housing Act of 1949 shall be eligible for such purchase. To the extent that amounts paid by borrowers during any calendar year on account of the principal of Notes represented by any particular Insurance Contract, together with principal differentials between removed Notes and substituted Notes as hereinafter described, cannot be used towards the purchase of a whole Note or Notes for the account

of the holder of such Insurance Contract, such excess will be remitted, on January 31 of the next year, to the holder of such Insurance Contract. Because of the difficulty of purchasing additional Notes with principal balances equal to such principal payments and differentials, some small remittance of principal in any year cannot be avoided. The Government has agreed in the Insurance Contracts to make every reasonable effort to keep such remittance as small as practicable and, based on the size and variety of its existing and anticipated portfolio, it believes that the remittance of principal in each year will, respecting each Insurance Contract, be minimal.

In the event that a Note is fully prepaid or the Government determines that possession of a specific Note is necessary in connection with the servicing or liquidation of the borrower's account, the Government may repossess such Note. The Government will substitute Notes for Notes so removed and, to the extent the unpaid principal balance of substituted Notes shall be less than the unpaid principal balance of Notes so removed, the Government shall apply such differential, together with amounts received on account of principal during the calendar year, towards the purchase of a whole Note or Notes for the account of the holder of the Insurance Contract entitled to such additional Notes.

The interest and principal, if any, will be payable on January 31 in each year to the registered holder of each Insurance Contract by a U. S. Treasury check accompanied by a statement showing separately the amounts paid respecting principal and interest. The holder will also receive a new schedule identifying and describing the Notes and additional Notes represented by such Insurance Contract and also showing the aggregate unpaid principal balance of such Notes and additional Notes, on which aggregate amount interest will be paid on the next succeeding January 31.

Additional Notes purchased for the accounts of holders of Insurance Contracts, together with substituted Notes, will, unless the holder of such Insurance Contract shall have taken actual physical possession of the Notes represented thereby, be delivered to the Custodian and shall be held on the same terms and conditions as the original Notes offered hereby.

COMMITMENT TO REPURCHASE

The Government will repurchase the Notes represented by the Insurance Contracts on November 30, 1980 from the holders thereof at 100% of the unpaid principal balances of the Notes as of January 31, 1980. Holders of Insurance Contracts shall be obligated to assign the Notes represented thereby to the Government and, upon surrender of Insurance Contracts at the Federal Reserve Bank of New York, shall receive the repurchase price of the Notes together with accrued interest to the Repurchase Date at the rate indicated above.

FULL FAITH AND CREDIT

The full faith and credit of the United States is pledged to the payment of principal and total interest provided for in the Insurance Contracts and to the repurchase commitment of the Government as set forth above. See the cover of this Prospectus for excerpts from an opinion of the Attorney General of the United States respecting such full faith and credit.

BORROWING AUTHORITY — U. S. TREASURY

The Insurance Contracts constitute obligations of the insurance funds created by the Consolidated Farmers Home Administration Act of 1961 and Title V of the Housing Act of 1949. Each of such Acts authorizes the Secretary of Agriculture to borrow from the U. S. Treasury to the extent necessary to discharge obligations of the funds, including obligations represented by such Insurance Contracts, and both Acts provide that the Secretary of the Treasury is authorized and directed to purchase notes issued by the Secretary of Agriculture for that purpose.

GENERAL

Transfers

The ownership of Notes will be evidenced by the registration of Insurance Contracts on books maintained on behalf of the Government by the Federal Reserve Bank of New York and such books will be

closed for 15 calendar days next preceding any interest or principal payment dates. Such registered ownership may be changed on the transfer books by presentation of the Insurance Contract at such Bank, duly assigned, without charge to the owner by the Bank. Each Insurance Contract must include the identifying number of the registered owner as part of the registration.

Notes represented by any particular Insurance Contract may not be separated or assigned apart from the Block represented by such Insurance Contract. Accordingly, denominational exchanges of Insurance Contracts will not be permitted.

Other Procedures Governing Registration and Transfer of Notes

For the protection of registered owners of Notes, the Government has adopted procedures to govern the manner in which Insurance Contracts may be registered, transferred or assigned and presented for payment. Such procedures are the same, insofar as applicable, as the Regulations of the United States Treasury Department governing registered obligations of the United States as contained in Treasury Department Circular No. 300. Generally, the Federal Reserve Bank of New York will act for the Government in such matters. A copy of Circular No. 300 may be obtained upon request from the Federal Reserve Bank of New York, the Treasury Department, or the Government.

Legality of Investments

The Notes are acceptable as security for the deposit of public moneys subject to the control of the United States or any of its officers, agents or employees, and are eligible as collateral for Treasury Tax and Loan Accounts. Under Federal law national banks and state banks which are members of the Federal Reserve System may deal in, underwrite, and purchase for their own account Notes without regard to any limitation based on capital and surplus.

The Notes are eligible as security for advances to member banks by Federal Reserve Banks.

Legal Opinions

The legality of the sale of the Notes and the Insurance Contracts will be passed upon by the General Counsel or the Acting or Deputy General Counsel, U. S. Department of Agriculture, and by Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters.

Stabilization

The Underwriters have advised the Government that in connection with this offering the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Notes represented by the Insurance Contracts offered hereby at a level above that which might otherwise prevail in the open market and also that such stabilization, if commenced, may be discontinued at any time.

NOTICE

The statements herein with respect to the Insurance Contracts and related documents are subject to the detailed provisions of such Insurance Contracts and documents and the statements made herein are qualified in their entirety by reference thereto.

UNDERWRITERS

The Underwriters named below have severally agreed to purchase specific amounts of the Notes from the Government.

<u>Name of Underwriter</u>	<u>Address of Underwriter</u>
Salomon Brothers	One New York Plaza, New York, N. Y. 10004
A. G. Becker & Co. Incorporated.....	60 Broad Street, New York, N. Y. 10004
Merrill Lynch, Pierce, Fenner & Smith..... Incorporated	70 Pine Street, New York, N. Y. 10005
The First Boston Corporation.....	20 Exchange Place, New York, N. Y. 10005
Bank of America N.T. & S.A.	Bank of America Plaza, San Francisco, Calif. 94120
Bankers Trust Company.....	16 Wall Street, New York, N. Y. 10015
The Chase Manhattan Bank, N.A.	1 Chase Manhattan Plaza, New York, N. Y. 10015
Chemical Bank	20 Pine Street, New York, N. Y. 10015
Continental Illinois National Bank and Trust Company of Chicago.....	231 South La Salle Street, Chicago, Ill. 60690
The First National Bank of Chicago.....	Dearborn, Monroe, Clark & Madison Sts., Chicago, Ill. 60690
First National City Bank.....	55 Wall Street, New York, N. Y. 10015
Harris Trust and Savings Bank.....	111 West Monroe Street, Chicago, Ill. 60690
Morgan Guaranty Trust Company of New York	23 Wall Street, New York, N. Y. 10015
The Northern Trust Company.....	50 South La Salle Street, Chicago, Ill. 60690
Blyth & Co., Inc.	14 Wall Street, New York, N. Y. 10005
Dillon, Read & Co. Inc.	46 William Street, New York, N. Y. 10005
Discount Corporation of New York.....	58 Pine Street, New York, N. Y. 10005
F. I. duPont, Glore Forgan & Co.	One Wall Street, New York, N. Y. 10005
Eastman Dillon, Union Securities & Co.	One Chase Manhattan Plaza, New York, N. Y. 10005
Goldman, Sachs & Co.	55 Broad Street, New York, N. Y. 10004
Halsey, Stuart & Co. Inc.	123 South La Salle Street, Chicago, Ill. 60690
Hornblower & Weeks-Hemphill, Noyes.....	8 Hanover Street, New York, N. Y. 10004
Kidder, Peabody & Co. Incorporated.....	20 Exchange Place, New York, N. Y. 10005
Kuhn, Loeb & Co.	40 Wall Street, New York, N. Y. 10005
Aubrey G. Lanston & Co., Inc.	20 Broad Street, New York, N. Y. 10005
Lehman Brothers Incorporated.....	One William Street, New York, N. Y. 10004
Paine, Webber, Jackson & Curtis Incorporated..	140 Broadway, New York, N. Y. 10005
Smith, Barney & Co. Incorporated.....	1345 Avenue of the Americas, New York, N. Y. 10019
White, Weld & Co.	20 Broad Street, New York, N. Y. 10005
New York Hanseatic Corporation.....	60 Broad Street, New York, N. Y. 10004
Wm. E. Pollock & Co., Inc.	45 Wall Street, New York, N. Y. 10005
The Bank of California, N.A.	400 California Street, San Francisco, Calif. 94120
United California Bank.....	600 South Spring Street, Los Angeles, Calif. 90014
Equitable Securities, Morton & Co. Incorporated	65 Broadway, New York, N. Y. 10006
John Nuveen & Co. (Inc.).....	61 Broadway, New York, N. Y. 10006
Chas. E. Quincey & Co.	115 Broadway, New York, N. Y. 10006
First National Bank in St. Louis.....	510 Locust Street, St. Louis, Mo. 63101
Mercantile Trust Company N.A.	721 Locust Street, St. Louis, Mo. 63101

<u>Name of Underwriter</u>	<u>Address of Underwriter</u>
Pittsburgh National Bank.....	One Oliver Plaza, Pittsburgh, Pa. 15222
Wachovia Bank & Trust Company, N.A.	Main & Third Streets, Winston-Salem, N. C. 27102
Ball, Burge & Kraus.....	1414 Union Commerce Bldg., Cleveland, Ohio 44115
Dick & Merle-Smith.....	48 Wall Street, New York, N. Y. 10005
Briggs, Schaedle & Co., Inc.	44 Wall Street, New York, N. Y. 10005
Second District Securities Co., Inc.	1 Chase Manhattan Plaza, New York, N. Y. 10005
F. S. Smithers & Co., Inc.	45 Wall Street, New York, N. Y. 10005
Franklin National Bank.....	130 Pearl Street, New York, N. Y. 10015
The Ohio Company.....	51 North High Street, Columbus, Ohio 43215
Rand & Co., Inc.	One Wall Street, New York, N. Y. 10005

The Underwriters have advised the Government that the Notes represented by the Insurance Contracts are being offered by the Underwriters subject to prior sale, when, as and if delivered to and accepted by the Underwriters, and subject to the approval of certain legal matters by counsel and also that the Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

By T. K. COWDEN
Assistant Secretary of Agriculture

Date of Prospectus: December 9, 1970

Prospectus

\$

**United States Department Of Agriculture
Farmers Home Administration**

Farmers Home Insured Notes

Total Annual Interest of % on Unpaid Principal Amount

Principal Payable November 30, 1980 Pursuant to Repurchase Commitment

Interest payable January 31 of each year

Price % plus accrued interest, if any, at the above rate from December , 1970

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FHDA authorizations under various acts governing virtually all of its programs except housing were consolidated and expanded under the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1921 et seq.). Insured lending authority was extended to include water distribution systems and outdoor recreation facilities operated by local public bodies or nonprofit corporations and serving both farm and other rural people. Authority was also included for insured loans for grazing areas to be used by family-size farms and ranches. Authorization for loans and grants to build rural community waste disposal systems and grants toward community water systems was added to the act in 1965.

A direct loan program for rural housing through the Farmers Home Administration was launched under Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.). Loans were restricted at the outset to farm owners. By amendment to the Housing Act in 1961, Congress extended direct housing loans to nonfarm rural people and introduced insured loans to provide adequate housing for farm laborers. Insured lending for low-cost rental housing for senior citizens was authorized by amendment to the Housing Act in 1962. In 1965, the Housing Act was further amended to include individual family housing loans both for farm and nonfarm rural people in the insured loan authority (42 U.S.C. 1487).

In addition to insuring the loans, FHDA is the statutory collection agent for the holders of insured notes. All payments by borrowers on the loans are made to FHDA which remits them to the note-holders annually. As insurer, FHDA makes these payments to the holders annually, regardless of whether or not the borrowers are in default. Also, FHDA performs all loan and security servicing actions.

FHDA insured loans not funded by local lenders at the time of closing are advanced from revolving funds which are replenished by sale of the insured loan notes to investors. Insured notes for farm ownership and community facility loans are funded through the Agricultural Credit Insurance Fund established under the Consolidated Farmers Home Administration Act of 1961. Insured notes for housing loans are funded through the Rural Housing Insurance Fund, a separate revolving fund created in 1965 when section 517 was added to the Housing Act.

INSURED NOTES

The Notes being offered hereby evidence loans made by the United States Department of Agriculture, Farmers Home Administration (herein and in the Insurance Contracts called the "Government") under Title V of the Housing Act of 1949. The Notes offered hereby evidence rural housing loans for the purchase, construction or repair of family-owned farm and nonfarm homes and essential farm buildings or the purchase of sites on which to build homes in rural areas. Each Note, at its origination, represented a long-term loan and, by its terms, provides for equal payments on January 1 of each year to its maturity in an amount sufficient to repay the principal amount thereof over such long-term period together with interest on the unpaid principal balance thereof at rates varying from % to % per annum. The Notes are repayable without penalty at any time prior to their maturity at the option of the borrower.

The average unpaid principal balance of each Note offered hereby is \$ and the average number of Notes represented by any particular Insurance Contract is approximately .

Timely payment of principal and interest on the Notes is insured pursuant to statute by the Government. Interest payments on the Notes will be collected from borrowers by the Government and remitted, on January 31 of each year, to holders of Insurance Contracts. Respecting the first payment of interest on January 31, 1971, such remittance will include only interest allocable to the period from December , 1970. In addition, the Government will pay to such holders on each January 31 supplementary amounts sufficient to bring the total annual interest to the rate set forth on the cover of this Prospectus, calculated to such January 31 on the basis of the aggregate outstanding unpaid principal of each holder's Notes as of the preceding January 31, except the first interest payment on January 31, 1971 shall be on the basis of the aggregate outstanding unpaid principal of each holder's notes as of November 30, 1970. The insurance of the Notes and the obligations of the Government to pay such total interest and to repurchase the Notes on the date referred to below are backed by the full faith and credit of the United States.

Holders of Notes represented by Insurance Contracts shall be deemed, pursuant to such Contracts, to have waived any and all rights and remedies against the makers of the Notes and any others in connection with the loans evidenced thereby and any security related thereto and to have accepted such insurance in lieu thereof.

INSURANCE CONTRACTS

The Notes being offered hereby are being offered in Blocks represented by Insurance Contracts. Notes represented by any particular Insurance Contract are identified and described in a schedule attached to such Insurance Contract. The 600 Insurance Contracts represent ownership of individual Blocks of whole Notes having aggregate unpaid principal balances at November 30, 1970 ranging from \$ to \$.

By acceptance of an Insurance Contract a holder of Notes will be deemed to have approved the appointment of Mercantile Trust Company National Association, St. Louis, Missouri, as Custodian of the Notes purchased by such holder. Unless the holder of any particular Insurance Contract shall obtain actual physical possession of the Notes represented thereby, the holder of such Insurance Contract shall bear no risk or responsibility with respect thereto and shall not be obligated in any manner whatsoever to pay any custodial fees or expenses. Any holder of an Insurance Contract shall be entitled to obtain actual physical possession of the Notes represented thereby from the Custodian at any time.

Principal payments on account of Notes will be collected from borrowers by the Government and used, to the extent practicable, to purchase from its portfolio at 100% of the unpaid principal amount thereof additional whole Notes for the accounts of the holders of Insurance Contracts. Only Notes insured pursuant to the Consolidated Farmers Home Administration Act of 1961 or Title V of the Housing Act of 1949 shall be eligible for such purchase. To the extent that amounts paid by borrowers during any calendar year on account of the principal of Notes represented by any particular Insurance Contract, together with principal differentials between removed Notes and substituted Notes as hereinafter described, cannot be used towards the purchase of a whole Note or Notes for the account

of the holder of such Insurance Contract, such excess will be remitted, on January 31 of the next year, to the holder of such Insurance Contract. Because of the difficulty of purchasing additional Notes with principal balances equal to such principal payments and differentials, some small remittance of principal in any year cannot be avoided. The Government has agreed in the Insurance Contracts to make every reasonable effort to keep such remittance as small as practicable and, based on the size and variety of its existing and anticipated portfolio, it believes that the remittance of principal in each year will, respecting each Insurance Contract, be minimal.

In the event that a Note is fully prepaid or the Government determines that possession of a specific Note is necessary in connection with the servicing or liquidation of the borrower's account, the Government may repossess such Note. The Government will substitute Notes for Notes so removed and, to the extent the unpaid principal balance of substituted Notes shall be less than the unpaid principal balance of Notes so removed, the Government shall apply such differential, together with amounts received on account of principal during the calendar year, towards the purchase of a whole Note or Notes for the account of the holder of the Insurance Contract entitled to such additional Notes.

The interest and principal, if any, will be payable on January 31 in each year to the registered holder of each Insurance Contract by a U. S. Treasury check accompanied by a statement showing separately the amounts paid respecting principal and interest. The holder will also receive a new schedule identifying and describing the Notes and additional Notes represented by such Insurance Contract and also showing the aggregate unpaid principal balance of such Notes and additional Notes, on which aggregate amount interest will be paid on the next succeeding January 31.

Additional Notes purchased for the accounts of holders of Insurance Contracts, together with substituted Notes, will, unless the holder of such Insurance Contract shall have taken actual physical possession of the Notes represented thereby, be delivered to the Custodian and shall be held on the same terms and conditions as the original Notes offered hereby.

COMMITMENT TO REPURCHASE

The Government will repurchase the Notes represented by the Insurance Contracts on November 30, 1980 from the holders thereof at 100% of the unpaid principal balances of the Notes as of January 31, 1980. Holders of Insurance Contracts shall be obligated to assign the Notes represented thereby to the Government and, upon surrender of Insurance Contracts at the Federal Reserve Bank of New York, shall receive the repurchase price of the Notes together with accrued interest to the Repurchase Date at the rate indicated above.

FULL FAITH AND CREDIT

The full faith and credit of the United States is pledged to the payment of principal and total interest provided for in the Insurance Contracts and to the repurchase commitment of the Government as set forth above. See the cover of this Prospectus for excerpts from an opinion of the Attorney General of the United States respecting such full faith and credit.

BORROWING AUTHORITY — U. S. TREASURY

The Insurance Contracts constitute obligations of the insurance funds created by the Consolidated Farmers Home Administration Act of 1961 and Title V of the Housing Act of 1949. Each of such Acts authorizes the Secretary of Agriculture to borrow from the U. S. Treasury to the extent necessary to discharge obligations of the funds, including obligations represented by such Insurance Contracts, and both Acts provide that the Secretary of the Treasury is authorized and directed to purchase notes issued by the Secretary of Agriculture for that purpose.

GENERAL

Transfers

The ownership of Notes will be evidenced by the registration of Insurance Contracts on books maintained on behalf of the Government by the Federal Reserve Bank of New York and such books will be

closed for 15 calendar days next preceding any interest or principal payment dates. Such registered ownership may be changed on the transfer books by presentation of the Insurance Contract at such Bank, duly assigned, without charge to the owner by the Bank. Each Insurance Contract must include the identifying number of the registered owner as part of the registration.

Notes represented by any particular Insurance Contract may not be separated or assigned apart from the Block represented by such Insurance Contract. Accordingly, denominational exchanges of Insurance Contracts will not be permitted.

Other Procedures Governing Registration and Transfer of Notes

For the protection of registered owners of Notes, the Government has adopted procedures to govern the manner in which Insurance Contracts may be registered, transferred or assigned and presented for payment. Such procedures are the same, insofar as applicable, as the Regulations of the United States Treasury Department governing registered obligations of the United States as contained in Treasury Department Circular No. 300. Generally, the Federal Reserve Bank of New York will act for the Government in such matters. A copy of Circular No. 300 may be obtained upon request from the Federal Reserve Bank of New York, the Treasury Department, or the Government.

Legality of Investments

The Notes are acceptable as security for the deposit of public moneys subject to the control of the United States or any of its officers, agents or employees, and are eligible as collateral for Treasury Tax and Loan Accounts. Under Federal law national banks and state banks which are members of the Federal Reserve System may deal in, underwrite, and purchase for their own account Notes without regard to any limitation based on capital and surplus.

The Notes are eligible as security for advances to member banks by Federal Reserve Banks.

Legal Opinions

The legality of the sale of the Notes and the Insurance Contracts will be passed upon by the General Counsel or the Acting General Counsel, U. S. Department of Agriculture, and by Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters.

Stabilization

The Underwriters have advised the Government that in connection with this offering the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Notes represented by the Insurance Contracts offered hereby at a level above that which might otherwise prevail in the open market and also that such stabilization, if commenced, may be discontinued at any time.

NOTICE

The statements herein with respect to the Insurance Contracts and related documents are subject to the detailed provisions of such Insurance Contracts and documents and the statements made herein are qualified in their entirety by reference thereto.

UNDERWRITERS

The Underwriters named below have severally agreed to purchase specific amounts of the Notes from the Government.

<u>Name of Underwriter</u>	<u>Address of Underwriter</u>
Salomon Brothers	One New York Plaza, New York, N. Y. 10004
A. G. Becker & Co. Incorporated.....	60 Broad Street, New York, N. Y. 10004
Merrill Lynch, Pierce, Fenner & Smith Incorporated	70 Pine Street, New York, N. Y. 10005
The First Boston Corporation.....	20 Exchange Place, New York, N. Y. 10005

Name of Underwriter

Address of Underwriter

The Underwriters have advised the Government that the Notes represented by the Insurance Contracts are being offered by the Underwriters subject to prior sale, when, as and if delivered to and accepted by the Underwriters, and subject to the approval of certain legal matters by counsel and also that the Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

By

Date of Prospectus: December , 1970

UNITED STATES DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

Approximately \$300,000,000 Farmers Home Insured Notes

Tentative Timetable

November 19, 1970

1970

Wednesday, November 18

Public announcement of offering
by FHDA.

Thursday, November 19

Preliminary Prospectus and under-
writing agreements (including
forms of Bailment Agreement and
Insurance Contract) sent to
printer for proofs.

Friday, November 20

Proofs of Preliminary Prospectus
and underwriting agreements
delivered to all interested
parties.

Tuesday, November 24

Clearance received from all
interested parties of proofs
of Preliminary Prospectus and
underwriting agreements.

Wednesday, November 25

Preliminary Prospectus, under-
writing agreements, timetable,
Blue Sky Survey and Legal Invest-
ment Survey forwarded to prospective
Underwriters.

1970

Friday, December 4

1. Determination made by FHDA of the amount of each Block and the exact size of the offering.
2. Managers give FHDA range of interest rate and proposed underwriting spread.
3. Prospectus, underwriting agreements, with forms of Insurance Contract and Bailment Agreement attached, sent to printer for final proofs with blanks.
4. On or before this date Underwriters advised to make good faith deposit to be made available for payment to FHDA on Wednesday, December 9, 1970.

Tuesday, December 8

1. 10:00 A.M. - Price meeting of Underwriters held at Salomon Brothers.
2. Representatives and FHDA agree on public offering price, purchase price of Notes to the underwriters and interest rate, subject to execution of Agreement

1970

Among Underwriters, Purchase Agreement and Prospectus on Wednesday, December 9.

3. Clearance of terms of offering received by FHDA from the Treasury.
4. Prospectus and underwriting agreements with all blanks filled in sent to printer for final copies.

Wednesday, December 9

1. Agreement Among Underwriters signed beginning at 9:00 A.M. at Salomon Brothers.
2. Purchase Agreement between Underwriters and FHDA signed (about 11:00 A.M.) after Agreement Among Underwriters signed by all Underwriters with delivery to FHDA of check for \$6,000,000 as good faith deposit.
3. Prospectus signed and dated.
4. Public offering of Insured Notes.

Thursday, December 10

1. Public advertisement.
2. On or about this date FHDA makes the Notes available

1970

for inspection by Custodian under the proposed Bailment Agreement.

Tuesday, December 15

1. Representatives advise FHDA and Federal Reserve Bank of New York as to names in which the Insurance Contracts are to be registered.
2. Underwriters advised to make deposit of balance of purchase price so that it will be available to pay FHDA on Tuesday, December 22.
3. On or before this date Bailment Agreement executed and delivered to escrow agent in New York.

Monday, December 21

1. Representatives check and package certificates at Federal Reserve Bank of New York.
2. Counsel for Underwriters and Counsel for FHDA meet at Federal Reserve Bank of New York with Counsel for the Bank for the purpose of clearing closing papers.

Tuesday, December 22

1. Notes delivered to Custodian under Bailment Agreement.

1970

2. Bailment Agreement delivered.
3. Closing at Federal Reserve
Bank of New York.



SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

JAN 14 1970

J. Courtney Ivey, Esq.
Messrs. Brown, Wood, Fuller, Caldwell & Ivey
70 Pine Street
New York, New York 10005

Re: Farmers Home Administration

Dear Mr. Ivey:

We received your letter of January 6, 1970 in which you requested our views concerning the proposed offering of the Farmers Home Administration ("FHDA"), an agency of the Department of Agriculture. We also received your copies of opinions from the Attorney General of the United States and the Acting Comptroller of the Currency, as well as a copy of the preliminary prospectus.

The material facts, as we understand them, are: The FHDA proposes to offer approximately \$350,000,000 principal amount of Farmers Home Insured Notes, in blocks of approximately \$1,000,000, which will be represented by 350 Insurance Contracts. Under the terms of the Insurance Contracts, the FHDA will insure the payment of principal and interest by the borrowers to the holders of Insurance Contracts and will commit itself to repurchase the Notes from the holders thereof on a stipulated date. The FHDA will also be obligated to make supplementary interest payments to holders of Insurance Contracts in an amount sufficient to bring the total annual interest on the unpaid principal amount of the Notes represented by such Insurance Contracts to a stated amount.

It is the opinion of the Attorney General that agreements to insure payment of principal and interest to investors, to repurchase insured notes from such investors on a specified date, and to make the proposed supplementary payments would be valid and would constitute general obligations of the United States backed by its full faith and credit.

On the basis of the above facts, as more fully described in the preliminary prospectus of January 2, 1970, this Division will not recommend any action to the Commission if the Notes are publicly sold without compliance with the registration requirements of the Securities Act of 1933.

Sincerely,

John Heneghan
Assistant Chief Counsel

cc: Edward M. Shulman, Esq. ✓
General Counsel
U. S. Department of Agriculture



Mr. Selgel
1011-S
OGC

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

August 8 1970

Honorable David M. Kennedy
Secretary of Treasury
Washington, D.C.

Dear Mr. Secretary:

As you know, the Farmers Home Administration is contemplating the continued sales of Farmers Home insured notes under the block sale instrument during fiscal year 1971. The development and initial use of this block sale instrument was discussed in my letter to you dated October 22, 1969.

Following approval contained in your letter of November 10, 1969, a \$350 million sale through this device was concluded on February 3, 1970, on a satisfactory basis. In your letter of that date, you stated a desire to review the use of this block sale instrument following its use during fiscal year 1970.

In cooperation with your representatives, we have announced a \$300 million issue for pricing on August 10, 1970, with settlement on August 20, 1970. It is proposed to conduct similar sales on a quarterly basis in order to attract a more stable market following. The timing and amount of each issue will be (as with the first issue) coordinated with your Department. As usual, before a purchase agreement is entered into with the underwriters, your approval of interest rates and amount of concession will be obtained.

As required by the Participation Sales Act of 1966, your approval is requested for us to go forward with these proposed sales in fiscal year 1971 through the use of the block sale instrument. Thank you for the fine cooperation and the excellent services of such men as Dr. Bruce MacLaury and Mr. Edward Geng.

Sincerely,

Clifford M. Hardin
Secretary of Agriculture



THE SECRETARY OF THE TREASURY
WASHINGTON

AUG 10 1970

Dear Mr. Secretary:

In accordance with the requirements of the Participation Sales Act of 1966, I hereby approve continued use of block sales of Farmers Home insured notes in fiscal year 1971.

As has been the practice, approval is reserved on the specific timing, amount and pricing for each sale in the light of current market conditions.

Sincerely,

A handwritten signature in cursive script, reading "Daniel M. Kennedy", is written over the typed name.

The Honorable
Clifford M. Hardin
Secretary of Agriculture
Washington, D.C. 20250



THE ADMINISTRATOR OF NATIONAL BANKS

WASHINGTON, D.C. 20220

December 30, 1969

Office of the
Comptroller of the Currency

Mr. Harold W. Kurtz
Vice President
Franklin National Bank
130 Pearl Street
New York, New York 10015

Dear Mr. Kurtz:

In your letter of December 12, 1969, you request a ruling on the eligibility for purchase, dealing in, underwriting, and unlimited holding by national banks under paragraph Seventh of 12 U.S.C. 24 of Farmers Home insured notes offered in large blocks under and represented by an insurance contract which would include an agreement to supplement the interest borne by the notes sufficiently to give the investor an agreed total yield and to repurchase the notes after a specified period.

The Farmers Home Administration, an agency of the Department of Agriculture, proposes to sell and insure approximately \$350,000,000 of these notes, evidencing loans made to farmers and other rural residents, in blocks of approximately \$1,000,000, each with a repurchase maturity of either five or ten years.

In an opinion of December 29, 1969, addressed to the Secretary of Agriculture, the Attorney General of the United States ruled with respect to this proposed offering that agreements to insure payment of principal and interest to investors, to repurchase insured notes from such investors on a specified date and to make the proposed supplementary payments would be valid and would constitute general obligations of the United States backed by its full faith and credit.

It is our conclusion that Farmers Home insured notes sold in blocks with agreements to insure, supplement interest and repurchase are obligations of the United States and eligible for purchase, dealing in, underwriting, and unlimited holding by national banks under paragraph Seventh of 12 U.S.C. 24.

Very truly yours,

J. T. Watson
J. T. Watson

Acting-Comptroller of the Currency



THE ADMINISTRATOR OF NATIONAL BANKS

WASHINGTON, D.C. 20220

Office of the
Comptroller of the Currency

April 27, 1970

Mr. Woodward Kingman, President
Government National Mortgage Association
Department of Housing and Urban Development
451 Seventh Street, S. W.
Washington, D. C. 20414

Dear Mr. Kingman:

The opinion of this Office has been requested whether it will be permissible for a national bank to purchase for its trust accounts, mortgage-backed bonds guaranteed by the Government National Mortgage Association from a member of an underwriting syndicate in which the purchasing bank is participating.

It is the general position of this Office that a national bank may not purchase securities for its trust accounts from members of the underwriting syndicate in such a case. However, if the agreement of the underwriting syndicate provides that the responsibility of each member is limited to the amount of its own commitment and no more, it is our opinion that the foregoing rule would not apply. It would not be objectionable for a national bank in such a case to purchase securities for its trust accounts from other members of a syndicate in which it is participating, assuming that there is no agreement between syndicate members to purchase each other's commitments. The foregoing principles would be applicable in the case of purchases of mortgage-backed bonds guaranteed by GNMA.

Sincerely,

William B. Camp
Comptroller of the Currency

UNITED STATES GOVERNMENT

Memorandum

Marshall R. Burkes

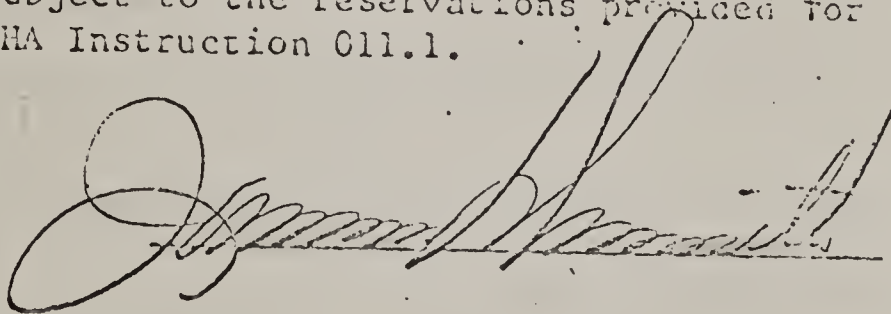
Assistant Administrator (Insured Note Marketing)

Administrator

DATE: January 17, 1970

Delegation of Authority

Effective immediately and until further notice, I hereby delegate to you all authorities, powers, functions, and duties that have been, and that hereafter may be, vested in the Secretary of Agriculture and delegated and assigned to the Administrator in connection with the insured loan programs of the Farmers Home Administration under the Consolidated Farmers Home Administration Act of 1961 and Title V of the Housing Act of 1949. This delegation of authority is subject to the reservations provided for in paragraph II of Exhibit C to FHA Instruction 011.1.



DELEGATION AND ASSIGNMENT OF AUTHORITIES TO THE
DEPUTY ADMINISTRATOR AND ASSISTANT ADMINISTRATORS AND
RESERVATIONS TO THE ADMINISTRATOR

I DELEGATIONS AND ASSIGNMENTS: The following delegations and assignments are hereby made subject to the general direction and supervision of the Administrator:

A To the Deputy Administrator. All authorities, powers, functions, and duties that have been, and that hereafter may be, vested in the Secretary of Agriculture and delegated and assigned to the Administrator.

B To the Assistant Administrator (Operating Loans). All authorities, powers, functions, and duties that have been, and that hereafter may be, vested in the Secretary of Agriculture and delegated and assigned to the Administrator in connection with the following programs:

- 1 Operating Loan Program.
- 2 Emergency Loan Program.
- 3 Economic Opportunity Loans to Individuals under Title III, Part A, of the Economic Opportunity Act of 1964.

C To the Assistant Administrator (Community Services). All authorities, powers, functions, and duties that have been, and that hereafter may be, vested in the Secretary of Agriculture and delegated and assigned to the Administrator in connection with the following programs:

- 1 Soil and Water loans and grants to associations.
- 2 Rural Renewal loans and advances for technical assistance.
- 3 Watershed loans.
- 4 Resource Conservation and Development loans.
- 5 Loans to cooperative associations made under the provisions of Title III, Part A, of the Economic Opportunity Act of 1964.

D To the Assistant Administrator (Real Estate Loans). All authorities, powers, functions, and duties that have been, and that hereafter may be, vested in the Secretary of Agriculture, and delegated and assigned to the Administrator in connection with the following programs:

- 1 Farm Ownership Program.
- 2 Senior Citizens Rental Housing Program.
- 3 Soil and Water loans to individuals.

4 Labor Housing loans and grants.

5 Rural Housing loans and grants.

II RESERVATIONS: The Administrator hereby reserves authority to:

A Approve loans.

B Authorize approval of loans or grants by State Directors which exceed the \$50,000 indebtedness limitations.

C Authorize State Directors to approve the following which are required to be submitted to the National Office for prior review and clearance:

1 Soil and Water association loans and grants.

2 Labor Housing loans and grants.

3 Senior Citizens Rental Housing loans.

4 Rural Renewal loans and advances for technical assistance.

5 Resource Conservation and Development loans.

6 Watershed loans.

7 Cooperative association loans authorized under the provisions of Title III, Part A, of the Economic Opportunity Act of 1964.

8 Approve the compromise, adjustment, or reduction of claims of \$15,000 or more.

o o o

\$300,000,000

(Approximate)

UNITED STATES DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

Farmers Home Insured Notes

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby irrevocably constitutes and appoints and of
[Names of Individuals]

.....
[Name of Firm with which above Individuals Affiliated]

.....
(Street) (City) (State)

or either of them, the true and lawful agent and attorney-in-fact of the undersigned, with full power of substitution, to execute and deliver on behalf of the undersigned an Agreement Among Underwriters with respect to the above-mentioned issue, which Agreement Among Underwriters will grant to the Representatives of the Underwriters full authority (which may be exercised by Salomon Brothers) to act on behalf of the undersigned, including authority to execute a Purchase Agreement on behalf of the undersigned. The undersigned hereby ratifies and confirms all that said agent and attorney-in-fact, or any substitute, may do by virtue hereof.

WITNESS the due execution hereof at
(City and State)
this day of , 1970.

.....
Name of Underwriter (Please Print or Type)

Witness }
Attest }
Official Signature

.....
(In the case of corporations, affix and attest seal.)

CORPORATE ACKNOWLEDGMENT

STATE OF }
COUNTY OF } ss.:

On this day of, 1970, before me personally came
....., to me known, who being by me duly sworn, did depose and say that he is the of, the aforementioned corporation which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

.....

PARTNERSHIP ACKNOWLEDGMENT

STATE OF }
COUNTY OF } ss.:

On this day of, 1970, before me personally came, one of the members of the firm of, to me known and known to me to be the individual who executed the foregoing instrument and acknowledged that he executed, and was duly authorized to execute, the same as and for the act and deed of said firm.

\$300,086,379.86

**UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
Farmers Home Insured Notes**

AGREEMENT AMONG UNDERWRITERS

December 9, 1970

SALOMON BROTHERS
A. G. BECKER & Co. INCORPORATED
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
THE FIRST BOSTON CORPORATION
As Representatives of the several Underwriters
c/o SALOMON BROTHERS
One New York Plaza
New York, N. Y. 10004

Dear Sirs:

We confirm our agreement with respect to the purchase, severally and not jointly, from the Farmers Home Administration of the United States Department of Agriculture ("FHDA") of \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes (such \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes being sometimes referred to as the "Notes") by you and the other Underwriters referred to in a proposed purchase agreement (the "Purchase Agreement"), a copy of which is attached hereto as Exhibit A, and the carrying, sale and distribution of the Notes. The Notes are to be sold in 600 blocks (herein called the "Blocks") each consisting of approximately \$500,000 aggregate unpaid principal amount of Notes, each Block to be represented by and described in an insurance contract (herein called the "Contract") in substantially the form attached to the Purchase Agreement as Schedule B. We understand that the aggregate unpaid principal amount of Notes comprising any particular Block will, as between Blocks, be approximately equal but that few, if any, Blocks will consist of Notes having aggregate unpaid principal balances which are exactly equivalent. FHDA will repurchase the Notes on November 30, 1980 from the holders thereof at 100% of the unpaid principal balance of the Notes as of the January 31 next preceding such repurchase date plus accrued interest.

Pursuant to the terms of the Purchase Agreement, the liability of each Underwriter to purchase Notes shall be limited to an amount which shall be equal to \$300,086,379.86 aggregate principal amount of the Notes multiplied by a fraction the denominator of which shall be 600 and the numerator of which shall be the number of Blocks which is set forth opposite its name in Schedule A attached to the Purchase Agreement. It is understood that changes may be made in those who are to be Underwriters and the respective amounts of Notes to be purchased by them but that the amount of the Notes to be purchased by us as herein and in the Purchase Agreement provided will not be changed without our consent except as provided for herein or in the Purchase Agreement.

SECTION 1. *Authority of the Representatives.* We authorize you, as our Representatives, to execute the Purchase Agreement on our behalf and to take such action as may be necessary or advisable to carry out the Purchase Agreement, this Agreement and the purchase, carrying, sale and distribution of the Blocks, including authority to agree to any waiver or modification of the terms and provisions of the Purchase Agreement (either before or after its execution) which in your judgment is not material.

SECTION 2. *Deposit.* We will deliver to you or deposit at such bank as you shall designate an amount equal to \$10,000 for each Block constituting our participation as set forth in Schedule A to the Purchase Agreement for delivery to FHDA at the time of execution of the Purchase Agreement. You may, in your discretion, pay our deposit with your own funds in which event we will reimburse you upon request.

SECTION 3. *Purchase Price, Public Offering Price, and Sale to Public.* The purchase price to be paid by the Underwriters for the Notes is set forth in Section 1 of the Purchase Agreement. The initial public offering price of the Blocks to be purchased by the Underwriters shall be 100% of the aggregate principal amount of the Notes comprising any particular Block plus interest, if any, accrued thereon from December 22, 1970 at the rate of 7% per annum.

We will not sell any Blocks until they are released by you for that purpose and upon such release we will offer the Blocks at the initial public offering price. After the initial public offering, the public offering price and the concession therefrom may be varied by you by reason of market conditions.

The initial public advertisement will appear on such date and will include the names of such of the Underwriters as you may determine. Thereafter any Underwriter may advertise at its own risk and expense.

SECTION 4. *Offering to Selected Dealers and Others and Allocation to Underwriters.* We authorize you, for our account, to reserve and offer for sale and sell to banks and dealers selected by you (such banks and dealers being hereinafter referred to as the "Selected Dealers"), among whom any of the Underwriters may be included, such Notes to be purchased by us as you shall determine. Such offering may be made under a Selected Dealers Agreement substantially in the form annexed hereto as Exhibit B (the "Selected Dealers Agreement"), or otherwise. The price to Selected Dealers shall be the public offering price less the concession specified in the Selected Dealers Agreement. We also authorize you, for our account, to reserve and offer for sale and to sell at the public offering price, to others than Selected Dealers, Notes to be purchased by us. Such reservations and sales to others shall be made in proportion to our participation, unless you agree to a smaller proportion at our request.

Sales to Selected Dealers shall be made in the ratio which the aggregate principal amount of Notes reserved for our account bears to the aggregate principal amount of Notes reserved for the account of all Underwriters, as calculated from day to day. You may deliver to any of the Underwriters from time to time on or after the date of Closing, (i) for carrying purposes, or (ii) for sale by such Underwriter, any of the Contracts then reserved for offering and sale to, but not purchased and paid for by, Selected Dealers or others as above provided, but to the extent that such Contracts are so delivered for sale by such Underwriter, the principal amount of Notes then reserved for the account of such Underwriter shall be correspondingly reduced. Contracts delivered for carrying purposes only must be redelivered to you upon your demand.

In the event that you hold Contracts for the account of any or all of the Underwriters at the time of the termination of this Agreement, you are authorized to sell any such Contracts for the account of such Underwriter or Underwriters on such terms and by such method as you may determine.

SECTION 5. *Payment and Delivery.* Payment of the aggregate purchase price for the Notes to be purchased by each Underwriter, less the deposit paid pursuant to Section 2 hereof, is to be made in Federal Funds in New York to Manufacturers Hanover Trust Company not later than 8:30 A.M.

New York City Time on the date of the Closing as set forth in the Purchase Agreement. Such payment shall be made to the attention of Mr. Louis Musanti, Assistant Vice President, Manufacturers Hanover Trust Company, 40 Wall Street, New York, New York 10015. We authorize you to instruct Manufacturers Hanover Trust Company to make payment of such funds to FHDA against delivery to or upon the order of the Representatives of Contracts representing the Notes to be purchased by us. You may, in your discretion, make such payment to FHDA on our behalf with your own funds, in which event we will reimburse you upon request. Delivery of the Contracts representing the Blocks allocated to us for direct sale will be made by you as soon as practicable.

Upon receiving payment for Notes reserved for Selected Dealers and others as provided in Section 4 hereof, you are to remit an amount equal to the purchase price paid by us for such Notes and credit or charge our account with the difference between the price at which such Notes were sold and our purchase price.

SECTION 6. *Authority of the Representatives to Borrow.* You are hereby authorized to advance your own funds for our account, charging current interest rates, or to arrange loans for the account of one or more of the Underwriters, severally and not jointly, to execute and deliver any notes or other instruments in connection therewith and to pledge all or any part of the Notes which such Underwriter or Underwriters shall have become obligated to purchase under any of the terms of this Agreement or of the Purchase Agreement as security therefor, as you may deem necessary or advisable to carry out the purchase, carrying, sale and distribution of the Notes. Any lender is hereby authorized to accept your instructions as to the disposition of the proceeds of any such loans. Each Underwriter will be reimbursed or credited with the proceeds of loans made for its account.

SECTION 7. *Trading Among Underwriters and Selected Dealers.* You may purchase Blocks from, or sell Blocks to, any of the Selected Dealers or any of the Underwriters at the public offering price thereof less a concession no greater than the concession allowed to Selected Dealers. The Underwriters and the Selected Dealers may, with your consent, purchase Blocks from and sell Blocks to each other at the public offering price less a concession no greater than the concession allowed to Selected Dealers.

SECTION 8. *Stabilization.* In order to facilitate the distribution of the Blocks, you may, for the account of each Underwriter, during the life of this Agreement, make purchases and sales of the Blocks, in the open market or otherwise, for long or short account, at such prices, in such amounts and in such manner as you may determine, and, in arranging for sales to Selected Dealers or others, may over-allot for the account of such Underwriter, and either before or after the termination of this Agreement you may cover any short position incurred pursuant to this Section; provided that at the close of business on any day the net commitment of each Underwriter, either for long or short account, resulting from such purchases or sales (including over-allotments) shall not exceed 10% of such Underwriter's total participation, except that such percentage may be increased with the approval of a majority in interest of the Underwriters (including yourselves). Such purchases and sales (including over-allotments) shall be made for the respective accounts of the Underwriters as nearly as practicable in proportion to their respective total participations. Each Underwriter agrees to take up at cost on demand any Blocks so purchased for its account and to deliver on demand any Blocks so sold or over-allotted for its account, and to pay you on demand the amount of any losses or expenses incurred for its account pursuant to this Section. In the event of default by one or more Underwriters in respect of their obligations under this Section, each non-defaulting Underwriter shall assume its proportionate share of the obligations of such defaulting Underwriter without relieving such defaulting Underwriter of its liability hereunder.

Each Underwriter agrees that during the life of this Agreement or such shorter period as you may determine it will not bid for or purchase for any account in which it has a beneficial interest any Blocks, or attempt to induce any person to purchase any Blocks; provided, however, that the foregoing shall not prohibit (i) offers to sell or the solicitation of offers to buy Blocks to be acquired by an Underwriter pursuant to the Purchase Agreement, (ii) brokerage transactions not involving solicitation of customers' orders, and (iii) transactions with your written consent or otherwise permitted under this Agreement.

Each Underwriter agrees that at any time or times prior to the termination of this Agreement it will, upon your request, report to you the number of Blocks together with the serial numbers of the Contracts which are representative thereof, purchased by it and not reserved for offering to Selected Dealers and others, as herein provided, which remains unsold and will upon your request, at such time or times, deliver to you for its account or sell to you for the account of one or more of the Underwriters, such Blocks as you may designate at the public offering price thereof less an amount to be determined by you not in excess of the applicable concession allowed to Selected Dealers.

SECTION 9. *Allocation of Expenses.* The accounts of the Underwriters shall be charged, in proportion to their respective total participations, with all expenses incurred by you or with your approval in connection with the Purchase Agreement and this Agreement (including the fee payable to Mercantile Trust Company National Association in connection with its services pursuant to Section 10 hereof) and the purchase, carrying, sale and distribution of the Blocks. Your determination of the amount of such expenses and the allocation thereof as among the Underwriters shall be final and conclusive.

Funds of the Underwriters at any time in your hands may be held in your general funds without accountability for interest. You may in your discretion at any time make partial distribution of credit balances of the Underwriters and may at any time call on the Underwriters to pay their respective debit balances.

SECTION 10. *Bailment of Notes.* We authorize Mercantile Trust Company National Association, St. Louis, Missouri (the "Custodian") to accept delivery of the Notes to be purchased by us pursuant to the Purchase Agreement and to hold such Notes in accordance with a Bailment Agreement in substantially the form appearing as Schedule C to such Purchase Agreement. We understand that the Custodian, by the acceptance thereof, shall assume full responsibility and risk for the Notes delivered pursuant to such Bailment Agreement as therein more fully provided.

SECTION 11. *Blue Sky Qualification.* Upon application, you will inform any of the Underwriters as to the jurisdictions in which it is believed that the Notes are qualified for sale under, or are exempt from the requirements of, the respective securities laws of such jurisdictions, but you, individually or as Representatives, assume no obligation or responsibility as to the right of any Underwriter to sell the Notes in any jurisdiction.

SECTION 12. *Termination of Agreement.* This Agreement shall terminate at the close of business on the 30th day after the date of the initial public offering of the Blocks, unless earlier terminated. You may terminate this Agreement or any provision thereof at any time by written or telegraphic notice to the Underwriters. As soon as practicable after any such termination the net credit or debit balance in the account of each Underwriter shall be paid to or collected from each Underwriter, provided that you may in your discretion reserve from distribution an aggregate of not exceeding \$10,000, to cover possible additional expenses chargeable to the respective Underwriters, but no statement by you of the amount of credit or debit balance or payment or reserve shall constitute any representation by you as to the existence or nonexistence of any other charges, liabilities or expenses, for which the Underwriters shall continue liable. Notwithstanding any settlement on the termination of this Agreement, each Underwriter agrees to pay its proportion (determined on the basis provided in Section 9 hereof) of the amount of any liability or expense incurred by any Underwriter, based on the claim that the Underwriters constitute an association, unincorporated business or other separate entity.

SECTION 13. *Default by Underwriters.* Default by one or more Underwriters in respect of their obligations pursuant hereto or to the Purchase Agreement shall not release any other Underwriter from its obligations or in any way affect the liability of any defaulting Underwriter to the other Underwriters for damages resulting from such default. If one or more Underwriters default under the Purchase Agreement, you may arrange for the transfer of the defaulting Underwriter's participation to others, including non-defaulting Underwriters consenting thereto.

SECTION 14. *Position of Representatives.* Except as in this Agreement otherwise specifically provided, you shall have full authority to take such action as you may deem necessary or advisable in respect of all matters pertaining to the Purchase Agreement, this Agreement and the purchase, carrying, sale and distribution of the Notes, but you shall be under no liability to us, except for your own want of good faith and for obligations assumed by you in this Agreement. Your authority hereunder and under the Purchase Agreement may be exercised by Salomon Brothers. No obligations not expressly assumed by you in this Agreement shall be implied hereby or inferred herefrom.

Nothing herein contained shall constitute the Underwriters an association, or partners, with you, or with each other.

SECTION 15. *Notices.* Any notice from you to the undersigned shall be deemed to have been duly given if mailed, telegraphed or (except in case of a notice pursuant to Section 12 hereof) telephoned to us at our address appearing in the Purchase Agreement.

SECTION 16. *Execution of this Agreement.* This Agreement is being executed by us and delivered to you in duplicate. Upon your receipt of identical agreements from each of the other Underwriters, please confirm this Agreement and return one copy to us.

Very truly yours,

.....

.....

(Official Signature)

Confirmed as of the date first above written:

SALOMON BROTHERS
A. G. BECKER & CO. INCORPORATED
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
THE FIRST BOSTON CORPORATION

By SALOMON BROTHERS

By.....
Authorized Signature

\$300,086,379.86**UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION****Farmers Home Insured Notes****PURCHASE AGREEMENT**

December 9, 1970

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
Washington, D. C. 20250

Dear Sirs:

The undersigned, acting for and in behalf of themselves and the other Underwriters named in Schedule A hereto (herein called the "Underwriters"), for whom they are acting as Representatives for the purposes of this Agreement as set forth below, hereby confirm their agreement with you (herein called "FHDA"), for the purchase by the Underwriters, acting severally and not jointly, and the sale by FHDA of \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes (such \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes being sometimes referred to as the "Notes"). The Notes are to be sold in 600 blocks (herein called the "Blocks") each consisting of approximately \$500,000 aggregate unpaid principal amount of Notes, each Block to be represented by, and described in a schedule attached to, an insurance contract (herein called the "Contract"), a form of which is attached hereto as Schedule B. FHDA will repurchase the Notes on November 30, 1980 from the holders thereof at 100% of the unpaid principal balance of the Notes as of the January 31 next preceding such repurchase date. Holders of Contracts shall be entitled to receive interest thereunder at the rate of 7% per annum on the aggregate unpaid principal balance of the Notes represented by such Contracts.

The undersigned represent and warrant that as such Representatives (herein called the "Representatives") they have been authorized by the other Underwriters to enter into and execute this Agreement on their behalf and to act for them in the manner provided herein. In case any Underwriter defaults in its obligation to purchase Notes under this Agreement, the Representatives shall have the right to substitute other persons as Underwriters who shall likewise have authorized the Representatives to act on their behalf.

SECTION 1. Purchase and Sale—Deposit. Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, FHDA agrees to sell to the Underwriters, severally and not jointly, and the Underwriters, severally and not jointly, agree to purchase the Notes from FHDA at the purchase price of 99.55% of the aggregate unpaid principal amount of the Notes, plus interest accrued, if any, thereon at the rate of 7% per annum from December 22, 1970 to the date of Closing (hereinafter defined). The liability of each Underwriter to purchase Notes shall be limited to an amount which shall be equal to \$300,086,379.86 aggregate unpaid principal amount of the Notes multiplied by a fraction the denominator of which shall be 600 and the numerator of which shall be the number of Blocks which is set forth opposite its name in Schedule A attached hereto.

Concurrently with the execution of this Agreement, each Underwriter has deposited or caused to be deposited with FHDA Federal Funds in the amount of \$10,000 multiplied by the number of Blocks which is set forth opposite its name in Schedule A attached hereto, an aggregate of \$6,000,000, receipt of which is hereby acknowledged by FHDA, as security for the faithful performance by the Underwriters of their obligations to accept and pay for the Notes at the Closing in accordance with the provisions of this Agreement. Upon the delivery of the Notes and the Contracts pursuant to this Agreement, the amount deposited for the account of each of the Underwriters shall be applied by FHDA toward the payment of the purchase price for the Notes payable by such Underwriter. If this Agreement shall be terminated in accordance with the provisions of Sections 7 or 8, FHDA shall forthwith return the

\$6,000,000 deposit to the Representatives. In no event shall FHDA be required to allow or pay interest on said deposit. If any Underwriter shall fail or refuse to purchase and pay for the Notes which it is obligated to purchase under this Agreement, otherwise than for some reason sufficient under the terms of this Agreement to justify the cancellation or termination of their obligation hereunder, FHDA may retain the deposit made by such Underwriter as the property of FHDA free of any claim on the part of such Underwriter and the retention of such deposit by FHDA shall constitute a full release and discharge of all claims and rights hereunder of FHDA against such Underwriter.

SECTION 2. *Representations and Warranties of FHDA.* FHDA represents and warrants to the Underwriters that:

(a) FHDA has, concurrently with the execution of this Agreement, delivered to the Representatives copies of a Prospectus, dated December 9, 1970 (herein called the "Prospectus"), for use by the Underwriters and others as provided in Section 4 in offering the Notes for sale to the public. The statements and information contained in the Prospectus at the time of execution of this Agreement are, and at the date of Closing will be, true, correct and complete in all material respects, and the Prospectus as of such times will not omit any statement or information which should be included therein for the purpose for which it is to be used or which is necessary to make the statements and information contained therein not misleading in any material respect.

(b) The Contracts, when executed and delivered at the Closing, will be in substantially the form attached hereto as Schedule B and will be legal, valid and binding undertakings of FHDA in accordance with their terms.

(c) The Notes conform to the description thereof as contained in the respective schedules to be attached to each Contract and FHDA has full and complete title thereto, subject to no prior liens or restrictions, and has full power and authority to deliver such Notes in accordance herewith, and in accordance with the Bailment Agreement, to be dated December 22, 1970, and to be executed and delivered in substantially the form attached hereto as Schedule C (herein called the "Bailment Agreement").

SECTION 3. *Payment for and Delivery of Notes and Contracts—Closing.* Payment of the purchase price for the Notes shall be made at the office of the Federal Reserve Bank of New York, or at such other place as shall be agreed upon by FHDA and the Representatives, at 9:30 o'clock A.M., New York City Time, on December 22, 1970 (the "Closing"). The Closing may be postponed to such later time or date as shall be agreed upon by FHDA and the Representatives. Such payment shall be made by the Underwriters, or the Representatives on their behalf, in Federal Funds, against delivery of the Notes to Mercantile Trust Company National Association, St. Louis, Missouri, (herein called the "Custodian") pursuant to the Bailment Agreement and against delivery of the Contracts to or upon the order of Salomon Brothers for the respective accounts of the Underwriters. The Contracts shall be delivered in definitive registered form, in such authorized names as Salomon Brothers shall specify in writing no later than 10:00 A.M. on the fifth business day prior to the Closing, and if the Representatives desire any Contracts to be shipped on the date of Closing, the Representatives shall notify the Federal Reserve Bank of New York and furnish the necessary registration information on or before five business days prior to the Closing. Shipment of Contracts will be made on the date of Closing, at the risk and expense of FHDA, to any place or places in the United States designated by the Representatives. The Contracts will be made available for checking and packaging by the Representatives at the office of the Federal Reserve Bank of New York, on the business day prior to the Closing.

SECTION 4. *Use of Prospectus.* FHDA authorizes the Underwriters, all members of any selling group which may be formed in connection with the distribution of the Notes and all banks and dealers to whom any of the Notes may be sold by the Underwriters or by the members of any such selling group, to use the Prospectus prepared and furnished by FHDA in connection with the offer and sale of the Notes. FHDA covenants that it will deliver to the Underwriters as soon as available and thereafter from time to time such number of copies of the Prospectus as the Representatives may reasonably request for the purposes contemplated by this Agreement.

SECTION 5. *Blue Sky Qualification.* FHDA agrees to cooperate with the Underwriters in qualifying the Notes for offering and sale under the securities or Blue Sky laws of such States as may be designated by the Representatives, provided that FHDA shall not be required to file any general consent to service of process under the laws of any such State.

SECTION 6. *Payment of Expenses.* FHDA agrees to pay all expenses in connection with the matters herein to be performed by it, including all expenses in connection with the delivery of the Notes to the Custodian (with the exception of the fee of \$56,200 payable to the Custodian by the Underwriters) and in connection with the issuance and delivery of the Contracts to the Underwriters and the cost of printing and delivery to the Underwriters of the Prospectus.

SECTION 7. *Conditions of Underwriters' Obligation.* The obligation of the Underwriters to purchase and pay for the Notes shall be subject to the accuracy of the representations and warranties on the part of FHDA and to the performance by FHDA of its obligations to be performed hereunder prior to the Closing, and to the following further conditions:

(a) At the time of Closing the Bailment Agreement shall have been duly executed by the Custodian in substantially the form attached hereto as Schedule C and such Bailment Agreement shall be in full force and effect.

(b) At the time of the Closing, the Representatives shall have received a favorable opinion as to the following matters from the General Counsel or the Acting or Deputy General Counsel, U. S. Department of Agriculture, satisfactory in form and substance to Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters:

(i) FHDA has due power and authority to execute and deliver the Contracts and has taken all necessary action in connection therewith and, when the Contracts are duly executed and delivered to the Underwriters against payment of the agreed consideration for the Notes described in the schedules attached thereto, such Contracts will be legal, valid and binding undertakings of FHDA in accordance with their terms and the full faith and credit of the United States are pledged to the obligations of FHDA set forth in such Contracts respecting insurance of the Notes, payment of additional interest and repurchase.

(ii) This Agreement has been duly and validly authorized, executed and delivered and constitutes a valid and binding obligation of FHDA.

(iii) No further approval, authorization, consent or other order of any public board or body is legally required for the sale by FHDA of the Notes pursuant to this Agreement and the Contracts.

(iv) The Contracts conform, in substance, with the terms and provisions thereof summarized in the Prospectus; nothing has come to the attention of such counsel which would lead such counsel to believe that the Prospectus at the time of the execution of this Agreement and at the Closing contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Notes represented by the Contracts are exempted securities within the meaning of laws administered by the Securities and Exchange Commission, and need not be registered under the Securities Act of 1933, as amended.

(c) The Attorney General of the United States rendered an opinion, dated December 29, 1969, excerpts of which appear in the Prospectus. Copies of this opinion have been furnished to the Representatives. Such opinion shall not have been modified, altered, amended or revoked at or prior to the Closing.

(d) At the time of the Closing, the Representatives shall have received the favorable opinion of Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters, as to the matters referred to in (b) above.

(e) At the time of the Closing, the Representatives shall have received a certificate of FHDA, dated the date of Closing, signed by the Administrator or Acting Administrator or any Assistant Administrator of FHDA, to the effect that:

(i) the representations and warranties of FHDA contained herein are true and correct as if made as of the date of Closing; and

(ii) the Notes have been delivered to the Custodian pursuant to the Bailment Agreement and the Custodian has duly receipted therefor.

If FHDA shall be unable to satisfy the conditions contained in this Agreement or if the obligations of the Underwriters shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor FHDA shall be under further obligation hereunder except that the deposit referred to in Section 1 hereof shall be returned to the Representatives by FHDA.

SECTION 8. *Termination of Agreement.* The Representatives shall have the right to terminate this Agreement by giving the notice indicated below in this Section, at any time at or prior to the Closing (a) if there shall have occurred any new outbreak of hostilities or there shall exist any other national or international calamity or crisis the effect of which on the financial markets of the United States shall be such, as in the judgment of the Representatives, makes it impracticable for the Underwriters to sell the Notes, or (b) if trading on the New York Stock Exchange shall have been suspended or maximum or minimum prices for trading shall have been fixed, or maximum ranges for prices for securities on the New York Stock Exchange shall have been required by that Exchange or by order of any governmental authority having jurisdiction, (c) if a banking moratorium shall have been declared by Federal or New York authorities, or (d) if there shall have been enacted legislation which would materially and adversely affect FHDA's power as described in the Prospectus to insure the Notes, pay additional interest thereon or repurchase the Notes or to borrow from the Treasury funds sufficient to satisfy such obligations. If the Representatives shall elect to terminate this Agreement as provided in this Section, FHDA and each of the Underwriters shall be notified promptly by the Representatives, by telephone or telegram, and such notice shall be confirmed by letter. If this Agreement shall be terminated as provided in this Section neither the Underwriters nor FHDA shall be under further obligation hereunder except that the deposit referred to in Section 1 hereof shall be returned to the Representatives by FHDA.

SECTION 9. *Substitution of Underwriters or Increase in Underwriters' Commitments.* (a) If one or more of the Underwriters shall fail at the Closing to purchase the amount of Notes which they are obligated to purchase hereunder (the "Unpurchased Notes"), then:

(1) If the amount of Unpurchased Notes does not exceed 15% of the Notes, the non-defaulting Underwriters shall be obligated to purchase the full amount thereof in proportion to their respective commitments hereunder.

(2) If the amount of Unpurchased Notes exceeds 15% of the Notes, the Representatives shall have the right, within 36 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Unpurchased Notes in such amounts as may be agreed upon and upon the terms herein set forth; if, however, during such 36 hours the Representatives shall not have completed such arrangements for the purchase of all of the Unpurchased Notes, then FHDA shall have the right for an additional 36 hours to make arrangements for any other underwriters or other parties to purchase all, but not less than all, of the Unpurchased Notes in such amounts as may be agreed upon and upon the terms herein set forth; if, however, during such additional 36 hours FHDA shall not have completed such arrangements for the purchase of all of the Unpurchased Notes, this Agreement shall terminate without liability on the part of FHDA or any non-defaulting Underwriter.

(b) Nothing in this Section and no action taken pursuant to this Section shall relieve any defaulting Underwriter from its liability, or affect the right of FHDA to retain the deposits of the defaulting Underwriters, as provided in Section 1 hereof.

(c) In the event of a default by any Underwriter or Underwriters as set forth in (a) of this Section, either the Representatives or FHDA shall have the right to postpone the Closing for a period of not exceeding ten days in order that any required changes in any documents or arrangements may be effected.

SECTION 10. *Representations, Warranties and Agreements to Survive Delivery.* All representations, warranties, agreements and covenants contained in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or by or on behalf of FHDA, and shall survive delivery of the Contracts to the Underwriters.

SECTION 11. *Notices.* Except as herein otherwise provided, all communications hereunder shall be in writing and, if sent to the Underwriters, shall be mailed, delivered, or telegraphed and confirmed in writing to the Representatives, c/o Salomon Brothers, One New York Plaza, New York, N. Y. 10004, to the attention of Mr. William E. Simon, or if sent to FHDA, shall be mailed, delivered or telegraphed and confirmed in writing to it at South Agriculture Building, 14th and Independence Avenues, S.W., Washington, D. C. 20250, to the attention of Dr. Marshall Burkes, Assistant Administrator. A copy of each notice shall be furnished to the General Counsel, U. S. Department of Agriculture and to Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed copies hereof, whereupon it will become a binding agreement between FHDA and the Underwriters in accordance with its terms.

Very truly yours,

SALOMON BROTHERS

By
A General Partner

A. G. BECKER & Co. INCORPORATED

By
Vice President

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By
Senior Vice President

THE FIRST BOSTON CORPORATION

By
Vice President

For Themselves and as the Representatives of
the other Underwriters named in Schedule A
annexed hereto.

Confirmed and Accepted, as of the date first
above written.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

By
Assistant Secretary of Agriculture

SCHEDULE A

<u>Name of Underwriter</u>	<u>Address of Underwriter</u>	<u>Participation Expressed in Numbers of Blocks</u>
Salomon Brothers	One New York Plaza, New York, N. Y. 10004	36
A. G. Becker & Co. Incorporated.....	60 Broad Street, New York, N. Y. 10004	36
Merrill Lynch, Pierce, Fenner & Smith Incorporated	70 Pine Street, New York, N. Y. 10005	36
The First Boston Corporation.....	20 Exchange Place, New York, N. Y. 10005	36
Bank of America N.T. & S.A.	Bank of America Plaza, San Francisco, Calif. 94120	14
Bankers Trust Company.....	16 Wall Street, New York, N. Y. 10015	14
The Chase Manhattan Bank, N.A.	1 Chase Manhattan Plaza, New York, N. Y. 10015	14
Chemical Bank	20 Pine Street, New York, N. Y. 10015	14
Continental Illinois National Bank and Trust Company of Chicago	231 South La Salle Street, Chicago, Ill. 60690	14
The First National Bank of Chicago.....	Dearborn, Monroe, Clark & Madison Sts., Chicago, Ill. 60690	14
First National City Bank.....	55 Wall Street, New York, N. Y. 10015	14
Harris Trust and Savings Bank.....	111 West Monroe Street, Chicago, Ill. 60690	14
Morgan Guaranty Trust Company of New York.....	23 Wall Street, New York, N. Y. 10015	14
The Northern Trust Company.....	50 South La Salle Street, Chicago, Ill. 60690	14
Blyth & Co., Inc.	14 Wall Street, New York, N. Y. 10005	14
Dillon, Read & Co. Inc.	46 William Street, New York, N. Y. 10005	14
Discount Corporation of New York.....	58 Pine Street, New York, N. Y. 10005	14
F.I. duPont, Glore Forgan & Co.	One Wall Street, New York, N. Y. 10005	14
Eastman Dillon, Union Securities & Co.	One Chase Manhattan Plaza, New York, N. Y. 10005	14
Goldman, Sachs & Co.	55 Broad Street, New York, N. Y. 10004	14
Halsey, Stuart & Co. Inc.	123 South La Salle Street, Chicago, Ill. 60690	14
Hornblower & Weeks-Hemphill, Noyes.....	8 Hanover Street, New York, N. Y. 10004	14
Kidder, Peabody & Co. Incorporated.....	20 Exchange Place, New York, N. Y. 10005	14
Kuhn, Loeb & Co.	40 Wall Street, New York, N. Y. 10005	14
Aubrey G. Lanston & Co., Inc.	20 Broad Street, New York, N. Y. 10005	14
Lehman Brothers Incorporated.....	One William Street, New York, N. Y. 10004	14
Paine, Webber, Jackson & Curtis Incorporated.....	140 Broadway, New York, N. Y. 10005	14
Smith, Barney & Co. Incorporated.....	1345 Avenue of the Americas, New York, N. Y. 10019	14
White, Weld & Co.	20 Broad Street, New York, N. Y. 10005	14
New York Hanseatic Corporation.....	60 Broad Street, New York, N. Y. 10004	14
Wm. E. Pollock & Co., Inc.	45 Wall Street, New York, N. Y. 10005	14
The Bank of California, N.A.	400 California Street, San Francisco, Calif. 94120	7.2
United California Bank.....	600 South Spring Street, Los Angeles, Calif. 90014	7.2
Equitable Securities, Morton & Co. Incorporated.....	65 Broadway, New York, N. Y. 10006	7.2
John Nuveen & Co. (Inc.).....	61 Broadway, New York, N. Y. 10006	7.2
Chas. E. Quincy & Co.	115 Broadway, New York, N. Y. 10006	7.2
First National Bank in St. Louis.....	510 Locust Street, St. Louis, Mo. 63101	4
Mercantile Trust Company N.A.	721 Locust Street, St. Louis, Mo. 63101	4
Pittsburgh National Bank.....	One Oliver Plaza, Pittsburgh, Pa. 15222	4
Wachovia Bank & Trust Company, N.A.	Main & Third Streets, Winston-Salem, N. C. 27102	4
Ball, Burge & Kraus.....	1414 Union Commerce Bldg., Cleveland, Ohio 44115	4
Dick & Merle-Smith.....	48 Wall Street, New York, N. Y. 10005	4
Briggs, Schaedle & Co., Inc.	44 Wall Street, New York, N. Y. 10005	4
Second District Securities Co., Inc.	1 Chase Manhattan Plaza, New York, N. Y. 10005	4
F. S. Smithers & Co., Inc.	45 Wall Street, New York, N. Y. 10005	4
Franklin National Bank.....	130 Pearl Street, New York, N. Y. 10015	2
The Ohio Company.....	51 North High Street, Columbus, Ohio 43215	2
Rand & Co., Inc.	One Wall Street, New York, N. Y. 10005	2
Total.....		<u>600</u>

[Form of Face of Insurance Contract]

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Series	No.	\$
Total Annual Interest of	%	(Subject to Reduction—
Payable January 31 on Unpaid Principal		See Paragraphs 2(C) and 6)
Interest accrues from Date hereof		Payable to Holder,
(See Paragraphs 2(A) and 2(B))		(See Paragraph 3)

FARMERS HOME INSURED NOTES
INSURANCE CONTRACT

1. (A) *Identification of Notes*—This Insurance Contract relates to the promissory notes, bonds, or assumption agreements, herein called the “notes”, described on the schedule attached hereto, which notes are made payable to or endorsed to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the “Government”. As of the date of this instrument, the aggregate sum of unpaid principal of the notes is \$, all of which notes are owned and held (together with the additional notes described in subparagraph 2(C) and paragraph 6 hereof to be held under and pursuant hereto) by herein called the “holder”.

(B) *Notes Held by Custodian*—Actual possession of the notes is held by Mercantile Trust Company National Association, St. Louis, Missouri, herein called the “Custodian”, which bank has been designated to retain custody of the notes by the underwriters of the \$ aggregate unpaid principal of Farmers Home Administration insured notes purchased from the Government pursuant to a Purchase Agreement dated , between such underwriters and the Government. Possession of the notes is to be held by the Custodian as bailee for the holder pursuant to the provisions of a Bailment Agreement executed by the Custodian as of the date hereof. By the acceptance of this instrument the holder hereby ratifies and confirms the appointment of the above-named Custodian and hereby agrees that the notes and the additional notes described in subparagraph 2(C) and paragraph 6 hereof may be held and dealt with in accordance with the provisions of said Bailment Agreement. Said Bailment Agreement provides, among other things, that the Custodian assumes full responsibility and risk for all notes deposited with and retained by it.

2. (A) *Payments to Holder*—The holder shall be entitled to all principal and interest payments required by the notes, including interest accrued from but not before the date of this instrument. All payments made by or on behalf of the borrower to which the holder is entitled shall be made to the Government as collection agent for the holder. As collection agent or insurer, the Government shall remit to the holder on January 31 of each year, beginning on January 31, , the interest portions of the installments which are due and owing to the holder as of January 1 of each year. As used in this instrument, the terms “interest portions” and “interest” shall be construed to include the

additional payments required by subparagraph (B) of this paragraph 2. Payments to the holder will be made by United States Treasury checks, and interest paid to the holder will be computed to the applicable January 31.

(B) *Additional Payments and Yield to Holder*—In addition to the payments required by each note and additional note to which the holder is entitled, the Government shall make payments to the holder in an amount sufficient to cause the holder’s total yield on each note and additional note to be equal to percent (%) per annum of the unpaid principal balance thereof as reflected in the schedule required to be attached hereto. Such additional payments shall be made at the same times and in the same manner as the payments of the interest portions of the installments described in subparagraph (A) of this paragraph 2.

(C) *Purchase of Additional Notes*—So long as the notes are insured by the Government under this instrument, the principal portions of the installments which become due and payable to the holder shall be retained by the Government in the applicable insurance fund for the holder’s account, and the Government shall apply such sums toward the purchase of additional Farmers Home Administration insured notes for and on behalf of the holder. The Government will deliver such additional notes, herein called “additional notes”, to the Custodian (or to the holder if he has taken actual physical possession of the notes and additional notes pursuant to paragraph 7 hereof). A description of such additional notes will be included in a schedule mailed to the holder concurrently with the Treasury check sent to the holder as provided in subparagraph (A) of this paragraph 2. Such schedule(s) will be marked in alphabetical order and will be attached hereto when received by the holder. If any funds remain after the principal payments are applied toward the purchase of one or more whole additional

This contract is continued on the reverse hereof and the additional provisions there set forth shall for all purposes have the same effect as if set forth at this place.

UNITED STATES DEPARTMENT OF AGRICULTURE—FARMERS HOME ADMINISTRATION

By

Date.....
.....
(Title)

[Form of Reverse of Insurance Contract]

notes, such excess, with interest computed to the applicable January 31, shall be remitted to the holder annually along with the interest portions of the installments as provided in subparagraph (A) of this paragraph 2. All additional notes will be covered by this insurance contract as of the date they are purchased by the Government for and on behalf of the holder, and payment of the debts evidenced thereby shall be fully insured hereunder to the same extent and subject to the same insurance conditions as the debts evidenced by the notes, and the Government’s insurance obligation and its obligations to make payments pursuant to this paragraph 2 and paragraph 3 hereof shall be secured to the same extent, as provided in paragraphs 4 and 5 hereof. Principal payments on additional notes shall also be retained by the Government and similarly used by the Government to purchase further whole additional notes for the holder, which shall be considered as “additional notes” as such term is used herein. It is the purpose and intent of this provision that all principal payments retained by the Government for the holder’s account shall be used by the Government to purchase whole additional notes, with the

result that the aggregate sum of the outstanding principal balances of the notes and the outstanding principal balances of the additional notes shall at all times remain as near as practicable to the amount specified in subparagraph 1(A) hereof. The Government will make every reasonable effort to assure that this purpose and intent are achieved. In the event additional notes should not be available in either insurance fund for purchase by the Government on behalf of the holder, the Government will remit the principal payments, with interest computed to the applicable January 31, to the holder along with the interest portions of the installments as provided in subparagraph (A) of this paragraph 2.

3. *Repurchase Agreement*—The Government hereby agrees to repurchase the notes and additional notes from the holder on _____, and by the acceptance of this instrument the holder hereby agrees to assign the notes and additional notes to the Government on that date. Upon such assignment and surrender of this instrument at the Federal Reserve Bank of New York or at such other place as the Government may designate, the Government shall pay the holder by Treasury check the entire amount of principal and interest then owed the holder computed to the above repurchase date. If the holder has taken actual physical possession of the notes and additional notes pursuant to paragraph 7 hereof, such notes and additional notes shall be surrendered with this instrument. The Government shall have no obligation to make any payments of interest accrued after such repurchase date.

4. *Insurance of Debts*—Payment of the debts evidenced by the notes is hereby fully insured by the Government as of the date of execution hereof, pursuant to the provisions of the Consolidated Farmers Home Administration Act of 1961 or Title V of the Housing Act of 1949, subject to the provisions thereof and the regulations of the Farmers Home Administration, including its future regulations not inconsistent with the express provisions of this instrument, and subject to the provisions of the notes not inconsistent with the provisions of this instrument, and subject further to all the provisions of this instrument, to which the holder agrees by the acceptance of it.

5. *Insurance Fund and Security*—The Government's insurance obligation and its obligations as collection agent or insurer to make payments to the holder as required in paragraphs 2 and 3 hereof are secured by the applicable insurance fund and by the full faith and credit of the United States of America pursuant to said applicable statute. The holder agrees to forego all rights and remedies against the makers of the notes (borrowers) and any others in connection with the loans evidenced thereby, to forego any benefits of any related security, and to accept the benefits of this insurance contract in lieu thereof.

6. *Government's Right to Assignment*—By the acceptance of this instrument, the holder hereby agrees that in the event a note or additional note is paid in full or the Government determines that the assignment of a particular note or additional note is necessary in connection with the servicing or liquidation of the borrower's account or the related security, the Custodian may deliver such note or additional note to the Government, or if the holder has taken actual physical possession of the note or additional note pursuant to paragraph 7 hereof, he will deliver it to the Government upon request. Delivery of the note or additional note to the Government shall constitute an assignment thereof to the Government, and the Government will substitute therefor and deliver to the Custodian (or to the holder if he has taken actual physical possession of the notes and additional notes) another note of approximately the same value (principal plus accrued interest) as, but not more than the value of, the assigned note. If the value of the substitute note is less than the value of the assigned note, the Government shall remit the difference, with interest computed to the applicable January 31, to the holder annually along with the interest portions of the installments as provided in subparagraph 2(A) hereof. The substitute note shall be considered as an "additional note" as such term is used herein. The schedule furnished the holder annually pursuant to subparagraph 2(C) hereof will include the substitute note(s). In the event a substitute note should not be available to replace the assigned note, the Government shall pay the holder by Treasury check the value of the assigned note with interest computed to the applicable January 31.

7. *Holder's Right of Possession—Agreement as to Payee*—The holder shall be entitled to possession of the notes and additional notes at all times, and he shall have the right at any time to obtain actual physical possession thereof by making a written request to the Custodian named in subparagraph 1(B) hereof, accompanied by this instrument; *Provided, however,* that in order to avoid the necessity of endorsement of the notes and additional notes each time they are sold or assigned, it is agreed that they will remain payable to the order of the Government so long as they remain insured by the Government.

8. *Resale of Notes*—Any holder may sell all the notes and additional notes at any time with the benefits of this insurance contract by assigning* all right, title, and interest in this instrument and the notes and additional notes to the purchaser and forwarding this instrument (with the executed assignment and the appropriate attached schedule) to the Federal Reserve Bank of New York, or such other place as the Government may designate. Upon receipt thereof, the Federal Reserve Bank of New York will register the transfer on its records and the purchaser will thereafter receive a new Insurance Contract executed by the Government. No sale shall be binding on the Government unless and until the transfer is registered as provided in this paragraph 8.

*(Use the assignment form set forth below.)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned does hereby sell, assign, and transfer unto.....
.....
(Name and address of Transferee)
all its right, title and interest in and to the within instrument and the notes and additional notes covered thereby.

.....
(Name of Transferor)

By
(Signature)

.....
(Title)

.....
(Date)

PERSONALLY APPEARED BEFORE ME THE ABOVE NAMED PERSON, WHOSE IDENTITY IS WELL KNOWN OR PROVED TO ME, AND SIGNED THE ABOVE ASSIGNMENT, ACKNOWLEDGING IT TO BE HIS FREE ACT AND DEED. WITNESS MY HAND, OFFICIAL DESIGNATION, AND SEAL.

.....
(Signature of Witnessing Officer)

.....
(Official Designation)

SEAL DATED AT, 19....

SCHEDULE

(For attachment to Insurance Contract Series, No.)

<u>Borrower Name</u>	<u>Borrower Case Number</u>	<u>Loan No.</u>	<u>Date of Note</u>	<u>Int. Rate of Note</u>	<u>Face Amount of Note</u>	Amount of Unpaid Principal as of <u>19...</u>
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Total. \$

THIS SCHEDULE WILL BE OUT OF DATE AS OF JANUARY 31, 19 , AND MUST
BE REPLACED BY SCHEDULE UPON RECEIPT THEREOF BY THE HOLDER.

**FARMERS HOME INSURED NOTES
BAILMENT AGREEMENT**

KNOW ALL MEN BY THESE PRESENTS, executed as of December 22, 1970;

WHEREAS, under the provisions of a Purchase Agreement dated December 9, 1970, between a group of underwriters listed in a schedule attached thereto and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government", such underwriters have purchased blocks of promissory notes, bonds, or assumption agreements insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961 or Title V of the Housing Act of 1949, which notes, bonds, or assumption agreements are herein called "notes"; and

WHEREAS, each of such underwriters in Section 10 of an Agreement Among Underwriters dated December 9, 1970, relating to such purchase has authorized Mercantile Trust Company National Association, St. Louis, Missouri, herein called the "Custodian", to accept delivery of the block(s) of notes purchased by such underwriters from the Government and to hold such notes in accordance with the provisions of this Agreement; and

WHEREAS, the notes are described on Schedules A attached to Insurance Contracts executed by the Government as of the date first above written, which notes and copies of which Schedules A are being delivered to the Custodian simultaneously with the execution hereof; and

WHEREAS, each owner and subsequent owner of notes, herein called "holder", who does not wish to take actual physical possession thereof shall, by the acceptance of one or more of said Insurance Contracts (a specimen copy of which is attached hereto), be deemed to have authorized the Custodian to retain custody of such holder's notes; and

WHEREAS, it becomes necessary from time to time for the Government to require the assignment and delivery to it of a particular note when the note is paid in full or when the borrower's account or the related security is being serviced or liquidated; and

WHEREAS, under the provisions of said Insurance Contracts the Government will, from time to time, purchase additional notes on behalf of the holders of such Contracts, and will deliver such additional notes to the Custodian as bailee of the notes; (when the context permits, the term "note" or "notes" as used herein shall be construed to include any such additional note(s) and to include also any substitute note(s) delivered by the Government to the Custodian to replace any note(s) required by the Government to be assigned to it); and

WHEREAS, under the provisions of said Insurance Contracts any holder has the right at any time to obtain actual physical possession of the notes owned by him by making written request to the Custodian accompanied by the Insurance Contract(s) relating to such notes; and

WHEREAS, the Government has agreed to repurchase the notes represented by the Insurance Contracts on November 30, 1980 from the holders thereof and the holders have agreed to assign such notes to the Government on said dates; and

WHEREAS, the Finance Office of the Farmers Home Administration, herein called the "Finance Office", is located near the downtown business area of St. Louis, Missouri, and for the convenience of all parties concerned, and to avoid the risk of loss of notes in the mails, it is desired that the notes be stored at a location in such downtown area, so that authorized representatives of the Government may have convenient access to any of the notes at all times during regular business hours;

Now, THEREFORE, pursuant to authorization as above recited and in consideration of the sum of \$56,200 paid by the said underwriters, the Custodian hereby agrees as follows:

1. The Custodian hereby acknowledges receipt of the notes described on the Schedules A delivered to it as of the date hereof.

2. At all times during the term of this Agreement, the Custodian will hold and store the notes in a fireproof cabinet(s) or vault(s) located in a building in the downtown business area of St. Louis, Missouri, not further than five miles from the Finance Office at its present location. The Custodian will retain custody of the notes as bailee for the holders, and in no case will it be acting as bailee or agent for the Government. The Custodian will keep the notes adequately insured against loss or damage by fire, windstorm, flood and other acts of God, and burglary and robbery or otherwise. The Custodian shall assume full responsibility and risk for all notes on deposit with it and shall bear all costs and expenses incurred by it as bailee of such notes, and the Government shall not be liable for any such costs or expenses.

3. The Custodian hereby acknowledges the receipt of the above sum of \$56,200 from said underwriters as full payment for all fees and expenses during the term of this Agreement and that said underwriters and the holders shall have no further obligation to pay any additional fee or expenses of the Custodian; and the Custodian further agrees that the underwriters and the holders shall not have any responsibility whatsoever or risk of loss or damage by fire, windstorm, flood and other acts of God, and burglary or robbery or otherwise with respect to the notes except any notes which the Custodian might deliver to a holder upon request pursuant to his Insurance Contract(s) and this Agreement. The Custodian shall have no responsibility to insure or verify that the Government's obligations under and pursuant to said Insurance Contracts shall have been satisfied; nor shall it have any responsibility respecting the validity or adequacy of the notes deposited with it.

4. The Government, through its authorized representatives, shall have free access to the notes at any time during regular business hours as long as this Agreement shall remain in effect. The authorized representatives of the Government for this purpose shall be the Director, each Deputy Director, and the Insured Loan Officer, Finance Office, and any other employee of the Farmers Home Administration who has written authorization from the Director or Acting Director, Finance Office. The number of employees having such written authorization at any one time shall not exceed five. Any such authorized representative shall have the right at any time to remove any note or notes, provided the Government's representative furnishes the Custodian with a receipt showing with respect to each removed note: the name and case number of the borrower, date of note, face amount, rate of interest, date of removal of the note, and number of the Insurance Contract covering such note. When the Government delivers a note or notes to the Custodian, the Custodian will store such note(s) with the respective block(s) of notes designated by the Government and will furnish the Government with a receipt describing the note(s) in the manner above indicated and showing the date of delivery. It is understood the Government will furnish the Custodian with copies of all schedules transmitted to holders as of each January 31, which will include a description of the notes delivered to the Custodian for the preceding year.

5. Upon the written request of any holder accompanied by the Insurance Contract(s) relating to the notes owned by such holder, and after advising the Government and receiving confirmation from the Government that such holder is the record owner of such notes, the Custodian will deliver such notes to the holder together with the Insurance Contract(s) relating thereto, marked with a notation to evidence that such notes are no longer held by the Custodian. As of the date of such delivery this Agreement shall terminate with respect to the notes so delivered and the Custodian's responsibilities and duties as bailee of the notes so delivered shall cease.

6. On November 30, 1980 the Custodian will, upon appropriate receipt therefor, deliver to the Government all of the notes held by the Custodian hereunder. As of the date of such delivery, this Agreement shall terminate and the Custodian's responsibilities and duties as bailee of the notes so delivered shall cease.

IN WITNESS WHEREOF, the Custodian has caused its corporate name to be hereto subscribed by its proper officer(s) in that behalf duly authorized, and its corporate seal to be hereunto affixed and attested on the day and year first above written.

[CORPORATE SEAL]

Attest:

MERCANTILE TRUST COMPANY
NATIONAL ASSOCIATION

.....

By.....

.....

(Title)

.....

(Title)

\$300,086,379.86

UNITED STATES DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

Farmers Home Insured Notes

SELECTED DEALERS AGREEMENT

December 9, 1970

Gentlemen :

We and the other Underwriters named in the enclosed Prospectus (the "Prospectus") have agreed to purchase from the Farmers Home Administration of the United States Department of Agriculture ("FHDA") \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes (the "Notes"). The Notes are to be sold in 600 blocks (the "Blocks") each consisting of approximately \$500,000 aggregate principal amount of Notes, each Block to be represented by and described in an Insurance Contract. The Notes and certain of the terms on which they are being purchased and offered are more fully described in the enclosed Prospectus.

On behalf of the Underwriters, we are severally offering to certain banks and dealers (the "Selected Dealers"), among whom any of the Underwriters may be included, subject to prior sale, when, as and if delivered to and accepted by the Underwriters and subject to the approval of legal matters by their counsel and subject to the other terms and conditions hereof, a part of the Notes at the public offering price, as set forth in the Prospectus, less a concession of .225% of the principal amount of the Notes sold to such Selected Dealers.

All orders will be strictly subject to confirmation and we reserve the right in our uncontrolled discretion to reject any order in whole or in part, to accept or reject orders in the order of their receipt or otherwise, and to allot. Neither you nor any other person is authorized by FHDA or the Underwriters to give any information or make any representations other than those contained in the Prospectus in connection with the sale of any of the Notes. No bank or dealer is authorized to act as agent for the Underwriters when offering the Notes to the public or otherwise.

Upon release by us, you shall offer the Notes at the public offering price, subject to the terms and conditions hereof. The Underwriters and the Selected Dealers may, with our consent, purchase Notes from and sell Notes to each other at the public offering price less a concession no greater than the concession to Selected Dealers.

Payment for the Notes purchased by you is to be made in Federal Funds at 8:30 o'clock A.M., Eastern Standard Time, on December 22, 1970 to the order of Manufacturers Hanover Trust Company at Manufacturers Hanover Trust Company, 40 Wall Street, New York, New York 10015, Attention of Mr. Louis Musanti, Assistant Vice President, or at such other time and place as we shall advise you, at the public offering price less the above concession. The Notes will be delivered at such Bank shortly after 9:30 o'clock A.M.

This Agreement shall terminate at the close of business on the 30th day after the date of the initial public offering of the Notes, unless earlier terminated. We may terminate this Agreement at any time by written or telegraphic notice.

In the event that prior to the termination of this Agreement we purchase, or contract to purchase, for the accounts of the Underwriters, in the open market or otherwise, any Notes delivered to you, you agree to repay to us for the accounts of the Underwriters the amount of the concession to Selected Dealers plus brokerage commissions and transfer taxes, if any, paid in connection with such purchase or contract to purchase.

You agree that at any time or times prior to the termination of this Agreement you will, upon our request, report to us the aggregate principal amount of Notes purchased by you under this Agreement which then remains unsold by you and will, upon our request, at any such time or times sell to us for the account of one or more of the Underwriters such principal amount of such unsold Notes as we may designate, at the public offering price less amounts to be determined by us not in excess of the concession allowed you.

We shall have full authority to take such action as we may deem advisable in respect of all matters pertaining to the offering. We shall be under no liability to you except for lack of good faith and for obligations expressly assumed by us in this Agreement. Nothing contained in this paragraph is intended to operate as, and the provisions of this paragraph shall not in any way whatsoever constitute, a waiver by you of compliance with any provision of the Securities Act of 1933, as amended, or of the rules and regulations of the Securities and Exchange Commission issued thereunder.

Upon application to us, we will inform you as to the jurisdictions in which we believe the Notes have been qualified for sale under, or are exempt from the requirements of, the respective securities laws of such jurisdictions, but we assume no responsibility or obligation as to your right to sell Notes in any jurisdiction.

Additional copies of the Prospectus will be supplied in reasonable quantities upon request.

Any notice from us to you shall be deemed to have been duly given if mailed or telegraphed to you at the address to which this Agreement is mailed.

Please confirm your agreement hereto and indicate the principal amount of Notes ordered by you by telegraphing your acceptance and order and by signing and returning at once to Salomon Brothers, One New York Plaza, New York, New York 10004, the enclosed duplicate of this letter. Upon receipt thereof this letter and such signed duplicate copy will evidence the agreement between us.

Very truly yours,

SALOMON BROTHERS
A. G. BECKER & CO. INCORPORATED
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
THE FIRST BOSTON CORPORATION

As Representatives of the several Underwriters

By SALOMON BROTHERS

By
Authorized Signature

ACCEPTANCE AND ORDER

SALOMON BROTHERS
A. G. BECKER & Co. INCORPORATED
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
THE FIRST BOSTON CORPORATION
As Representatives of the Several Underwriters
c/o Salomon Brothers
One New York Plaza
New York, N. Y. 10004

Dear Sirs:

We hereby enter our order for Block(s) of Farmers Home Insured Notes referred to in the foregoing letter.

We hereby confirm our agreement to all the terms and conditions stated in the foregoing letter. We acknowledge receipt of the Prospectus relating to the above Notes and we further state that in entering this order we have relied upon said Prospectus and no other statements whatsoever, written or oral.

Dated: 1970.

.....
(Name of Selected Dealer—please print or type)

By
(Authorized Representative)

\$300,086,379.86
UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
Farmers Home Insured Notes

PURCHASE AGREEMENT

December 9, 1970

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
Washington, D. C. 20250

Dear Sirs:

The undersigned, acting for and in behalf of themselves and the other Underwriters named in Schedule A hereto (herein called the "Underwriters"), for whom they are acting as Representatives for the purposes of this Agreement as set forth below, hereby confirm their agreement with you (herein called "FHDA"), for the purchase by the Underwriters, acting severally and not jointly, and the sale by FHDA of \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes (such \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes being sometimes referred to as the "Notes"). The Notes are to be sold in 600 blocks (herein called the "Blocks") each consisting of approximately \$500,000 aggregate unpaid principal amount of Notes, each Block to be represented by, and described in a schedule attached to, an insurance contract (herein called the "Contract"), a form of which is attached hereto as Schedule B. FHDA will repurchase the Notes on November 30, 1980 from the holders thereof at 100% of the unpaid principal balance of the Notes as of the January 31 next preceding such repurchase date. Holders of Contracts shall be entitled to receive interest thereunder at the rate of 7% per annum on the aggregate unpaid principal balance of the Notes represented by such Contracts.

The undersigned represent and warrant that as such Representatives (herein called the "Representatives") they have been authorized by the other Underwriters to enter into and execute this Agreement on their behalf and to act for them in the manner provided herein. In case any Underwriter defaults in its obligation to purchase Notes under this Agreement, the Representatives shall have the right to substitute other persons as Underwriters who shall likewise have authorized the Representatives to act on their behalf.

SECTION 1. *Purchase and Sale—Deposit.* Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, FHDA agrees to sell to the Underwriters, severally and not jointly, and the Underwriters, severally and not jointly, agree to purchase the Notes from FHDA at the purchase price of 99.55% of the aggregate unpaid principal amount of the Notes, plus interest accrued, if any, thereon at the rate of 7% per annum from December 22, 1970 to the date of Closing (hereinafter defined). The liability of each Underwriter to purchase Notes shall be limited to an amount which shall be equal to \$300,086,379.86 aggregate unpaid principal amount of the Notes multiplied by a fraction the denominator of which shall be 600 and the numerator of which shall be the number of Blocks which is set forth opposite its name in Schedule A attached hereto.

Concurrently with the execution of this Agreement, each Underwriter has deposited or caused to be deposited with FHDA Federal Funds in the amount of \$10,000 multiplied by the number of Blocks which is set forth opposite its name in Schedule A attached hereto, an aggregate of \$6,000,000, receipt of which is hereby acknowledged by FHDA, as security for the faithful performance by the Underwriters of their obligations to accept and pay for the Notes at the Closing in accordance with the provisions of this Agreement. Upon the delivery of the Notes and the Contracts pursuant to this Agreement, the amount deposited for the account of each of the Underwriters shall be applied by FHDA toward the payment of the purchase price for the Notes payable by such Underwriter. If this Agreement shall be terminated in accordance with the provisions of Sections 7 or 8, FHDA shall forthwith return the

\$6,000,000 deposit to the Representatives. In no event shall FHDA be required to allow or pay interest on said deposit. If any Underwriter shall fail or refuse to purchase and pay for the Notes which it is obligated to purchase under this Agreement, otherwise than for some reason sufficient under the terms of this Agreement to justify the cancellation or termination of their obligation hereunder, FHDA may retain the deposit made by such Underwriter as the property of FHDA free of any claim on the part of such Underwriter and the retention of such deposit by FHDA shall constitute a full release and discharge of all claims and rights hereunder of FHDA against such Underwriter.

SECTION 2. *Representations and Warranties of FHDA.* FHDA represents and warrants to the Underwriters that:

(a) FHDA has, concurrently with the execution of this Agreement, delivered to the Representatives copies of a Prospectus, dated December 9, 1970 (herein called the "Prospectus"), for use by the Underwriters and others as provided in Section 4 in offering the Notes for sale to the public. The statements and information contained in the Prospectus at the time of execution of this Agreement are, and at the date of Closing will be, true, correct and complete in all material respects, and the Prospectus as of such times will not omit any statement or information which should be included therein for the purpose for which it is to be used or which is necessary to make the statements and information contained therein not misleading in any material respect.

(b) The Contracts, when executed and delivered at the Closing, will be in substantially the form attached hereto as Schedule B and will be legal, valid and binding undertakings of FHDA in accordance with their terms.

(c) The Notes conform to the description thereof as contained in the respective schedules to be attached to each Contract and FHDA has full and complete title thereto, subject to no prior liens or restrictions, and has full power and authority to deliver such Notes in accordance herewith, and in accordance with the Bailment Agreement, to be dated December 22, 1970, and to be executed and delivered in substantially the form attached hereto as Schedule C (herein called the "Bailment Agreement").

SECTION 3. *Payment for and Delivery of Notes and Contracts—Closing.* Payment of the purchase price for the Notes shall be made at the office of the Federal Reserve Bank of New York, or at such other place as shall be agreed upon by FHDA and the Representatives, at 9:30 o'clock A.M., New York City Time, on December 22, 1970 (the "Closing"). The Closing may be postponed to such later time or date as shall be agreed upon by FHDA and the Representatives. Such payment shall be made by the Underwriters, or the Representatives on their behalf, in Federal Funds, against delivery of the Notes to Mercantile Trust Company National Association, St. Louis, Missouri, (herein called the "Custodian") pursuant to the Bailment Agreement and against delivery of the Contracts to or upon the order of Salomon Brothers for the respective accounts of the Underwriters. The Contracts shall be delivered in definitive registered form, in such authorized names as Salomon Brothers shall specify in writing no later than 10:00 A.M. on the fifth business day prior to the Closing, and if the Representatives desire any Contracts to be shipped on the date of Closing, the Representatives shall notify the Federal Reserve Bank of New York and furnish the necessary registration information on or before five business days prior to the Closing. Shipment of Contracts will be made on the date of Closing, at the risk and expense of FHDA, to any place or places in the United States designated by the Representatives. The Contracts will be made available for checking and packaging by the Representatives at the office of the Federal Reserve Bank of New York, on the business day prior to the Closing.

SECTION 4. *Use of Prospectus.* FHDA authorizes the Underwriters, all members of any selling group which may be formed in connection with the distribution of the Notes and all banks and dealers to whom any of the Notes may be sold by the Underwriters or by the members of any such selling group, to use the Prospectus prepared and furnished by FHDA in connection with the offer and sale of the Notes. FHDA covenants that it will deliver to the Underwriters as soon as available and thereafter from time to time such number of copies of the Prospectus as the Representatives may reasonably request for the purposes contemplated by this Agreement.

SECTION 5. *Blue Sky Qualification.* FHDA agrees to cooperate with the Underwriters in qualifying the Notes for offering and sale under the securities or Blue Sky laws of such States as may be designated by the Representatives, provided that FHDA shall not be required to file any general consent to service of process under the laws of any such State.

SECTION 6. *Payment of Expenses.* FHDA agrees to pay all expenses in connection with the matters herein to be performed by it, including all expenses in connection with the delivery of the Notes to the Custodian (with the exception of the fee of \$56,200 payable to the Custodian by the Underwriters) and in connection with the issuance and delivery of the Contracts to the Underwriters and the cost of printing and delivery to the Underwriters of the Prospectus.

SECTION 7. *Conditions of Underwriters' Obligation.* The obligation of the Underwriters to purchase and pay for the Notes shall be subject to the accuracy of the representations and warranties on the part of FHDA and to the performance by FHDA of its obligations to be performed hereunder prior to the Closing, and to the following further conditions:

(a) At the time of Closing the Bailment Agreement shall have been duly executed by the Custodian in substantially the form attached hereto as Schedule C and such Bailment Agreement shall be in full force and effect.

(b) At the time of the Closing, the Representatives shall have received a favorable opinion as to the following matters from the General Counsel or the Acting or Deputy General Counsel, U. S. Department of Agriculture, satisfactory in form and substance to Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters:

(i) FHDA has due power and authority to execute and deliver the Contracts and has taken all necessary action in connection therewith and, when the Contracts are duly executed and delivered to the Underwriters against payment of the agreed consideration for the Notes described in the schedules attached thereto, such Contracts will be legal, valid and binding undertakings of FHDA in accordance with their terms and the full faith and credit of the United States are pledged to the obligations of FHDA set forth in such Contracts respecting insurance of the Notes, payment of additional interest and repurchase.

(ii) This Agreement has been duly and validly authorized, executed and delivered and constitutes a valid and binding obligation of FHDA.

(iii) No further approval, authorization, consent or other order of any public board or body is legally required for the sale by FHDA of the Notes pursuant to this Agreement and the Contracts.

(iv) The Contracts conform, in substance, with the terms and provisions thereof summarized in the Prospectus; nothing has come to the attention of such counsel which would lead such counsel to believe that the Prospectus at the time of the execution of this Agreement and at the Closing contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Notes represented by the Contracts are exempted securities within the meaning of laws administered by the Securities and Exchange Commission, and need not be registered under the Securities Act of 1933, as amended.

(c) The Attorney General of the United States rendered an opinion, dated December 29, 1969, excerpts of which appear in the Prospectus. Copies of this opinion have been furnished to the Representatives. Such opinion shall not have been modified, altered, amended or revoked at or prior to the Closing.

(d) At the time of the Closing, the Representatives shall have received the favorable opinion of Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters, as to the matters referred to in (b) above.

(e) At the time of the Closing, the Representatives shall have received a certificate of FHDA, dated the date of Closing, signed by the Administrator or Acting Administrator or any Assistant Administrator of FHDA, to the effect that:

(i) the representations and warranties of FHDA contained herein are true and correct as if made as of the date of Closing; and

(ii) the Notes have been delivered to the Custodian pursuant to the Bailment Agreement and the Custodian has duly receipted therefor.

If FHDA shall be unable to satisfy the conditions contained in this Agreement or if the obligations of the Underwriters shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor FHDA shall be under further obligation hereunder except that the deposit referred to in Section 1 hereof shall be returned to the Representatives by FHDA.

SECTION 8. *Termination of Agreement.* The Representatives shall have the right to terminate this Agreement by giving the notice indicated below in this Section, at any time at or prior to the Closing (a) if there shall have occurred any new outbreak of hostilities or there shall exist any other national or international calamity or crisis the effect of which on the financial markets of the United States shall be such, as in the judgment of the Representatives, makes it impracticable for the Underwriters to sell the Notes, or (b) if trading on the New York Stock Exchange shall have been suspended or maximum or minimum prices for trading shall have been fixed, or maximum ranges for prices for securities on the New York Stock Exchange shall have been required by that Exchange or by order of any governmental authority having jurisdiction, (c) if a banking moratorium shall have been declared by Federal or New York authorities, or (d) if there shall have been enacted legislation which would materially and adversely affect FHDA's power as described in the Prospectus to insure the Notes, pay additional interest thereon or repurchase the Notes or to borrow from the Treasury funds sufficient to satisfy such obligations. If the Representatives shall elect to terminate this Agreement as provided in this Section, FHDA and each of the Underwriters shall be notified promptly by the Representatives, by telephone or telegram, and such notice shall be confirmed by letter. If this Agreement shall be terminated as provided in this Section neither the Underwriters nor FHDA shall be under further obligation hereunder except that the deposit referred to in Section 1 hereof shall be returned to the Representatives by FHDA.

SECTION 9. *Substitution of Underwriters or Increase in Underwriters' Commitments.* (a) If one or more of the Underwriters shall fail at the Closing to purchase the amount of Notes which they are obligated to purchase hereunder (the "Unpurchased Notes"), then:

(1) If the amount of Unpurchased Notes does not exceed 15% of the Notes, the non-defaulting Underwriters shall be obligated to purchase the full amount thereof in proportion to their respective commitments hereunder.

(2) If the amount of Unpurchased Notes exceeds 15% of the Notes, the Representatives shall have the right, within 36 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Unpurchased Notes in such amounts as may be agreed upon and upon the terms herein set forth; if, however, during such 36 hours the Representatives shall not have completed such arrangements for the purchase of all of the Unpurchased Notes, then FHDA shall have the right for an additional 36 hours to make arrangements for any other underwriters or other parties to purchase all, but not less than all, of the Unpurchased Notes in such amounts as may be agreed upon and upon the terms herein set forth; if, however, during such additional 36 hours FHDA shall not have completed such arrangements for the purchase of all of the Unpurchased Notes, this Agreement shall terminate without liability on the part of FHDA or any non-defaulting Underwriter.

(b) Nothing in this Section and no action taken pursuant to this Section shall relieve any defaulting Underwriter from its liability, or affect the right of FHDA to retain the deposits of the defaulting Underwriters, as provided in Section 1 hereof.

(c) In the event of a default by any Underwriter or Underwriters as set forth in (a) of this Section, either the Representatives or FHDA shall have the right to postpone the Closing for a period of not exceeding ten days in order that any required changes in any documents or arrangements may be effected.

SECTION 10. *Representations, Warranties and Agreements to Survive Delivery.* All representations, warranties, agreements and covenants contained in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or by or on behalf of FHDA, and shall survive delivery of the Contracts to the Underwriters.

SECTION 11. *Notices.* Except as herein otherwise provided, all communications hereunder shall be in writing and, if sent to the Underwriters, shall be mailed, delivered, or telegraphed and confirmed in writing to the Representatives, c/o Salomon Brothers, One New York Plaza, New York, N. Y. 10004, to the attention of Mr. William E. Simon, or if sent to FHDA, shall be mailed, delivered or telegraphed and confirmed in writing to it at South Agriculture Building, 14th and Independence Avenues, S.W., Washington, D. C. 20250, to the attention of Dr. Marshall Burkes, Assistant Administrator. A copy of each notice shall be furnished to the General Counsel, U. S. Department of Agriculture and to Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed copies hereof, whereupon it will become a binding agreement between FHDA and the Underwriters in accordance with its terms.

Very truly yours,

SALOMON BROTHERS

By
A General Partner

A. G. BECKER & CO. INCORPORATED

By
Vice President

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By
Senior Vice President

THE FIRST BOSTON CORPORATION

By
Vice President

For Themselves and as the Representatives of
the other Underwriters named in Schedule A
annexed hereto.

Confirmed and Accepted, as of the date first
above written.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

By
Assistant Secretary of Agriculture

SCHEDULE A

<u>Name of Underwriter</u>	<u>Address of Underwriter</u>	<u>Participation Expressed in Numbers of Blocks</u>
Salomon Brothers	One New York Plaza, New York, N. Y. 10004	36
A. G. Becker & Co. Incorporated.....	60 Broad Street, New York, N. Y. 10004	36
Merrill Lynch, Pierce, Fenner & Smith Incorporated	70 Pine Street, New York, N. Y. 10005	36
The First Boston Corporation.....	20 Exchange Place, New York, N. Y. 10005	36
Bank of America N.T. & S.A.	Bank of America Plaza, San Francisco, Calif. 94120	14
Bankers Trust Company.....	16 Wall Street, New York, N. Y. 10015	14
The Chase Manhattan Bank, N.A.	1 Chase Manhattan Plaza, New York, N. Y. 10015	14
Chemical Bank	20 Pine Street, New York, N. Y. 10015	14
Continental Illinois National Bank and Trust Company of Chicago	231 South La Salle Street, Chicago, Ill. 60690	14
The First National Bank of Chicago.....	Dearborn, Monroe, Clark & Madison Sts., Chicago, Ill. 60690	14
First National City Bank.....	55 Wall Street, New York, N. Y. 10015	14
Harris Trust and Savings Bank.....	111 West Monroe Street, Chicago, Ill. 60690	14
Morgan Guaranty Trust Company of New York.....	23 Wall Street, New York, N. Y. 10015	14
The Northern Trust Company.....	50 South La Salle Street, Chicago, Ill. 60690	14
Blyth & Co., Inc.	14 Wall Street, New York, N. Y. 10005	14
Dillon, Read & Co. Inc.	46 William Street, New York, N. Y. 10005	14
Discount Corporation of New York.....	58 Pine Street, New York, N. Y. 10005	14
F.I. duPont, Glore Forgan & Co.	One Wall Street, New York, N. Y. 10005	14
Eastman Dillon, Union Securities & Co.	One Chase Manhattan Plaza, New York, N. Y. 10005	14
Goldman, Sachs & Co.	55 Broad Street, New York, N. Y. 10004	14
Halsey, Stuart & Co. Inc.	123 South La Salle Street, Chicago, Ill. 60690	14
Hornblower & Weeks-Hemphill, Noyes.....	8 Hanover Street, New York, N. Y. 10004	14
Kidder, Peabody & Co. Incorporated.....	20 Exchange Place, New York, N. Y. 10005	14
Kuhn, Loeb & Co.	40 Wall Street, New York, N. Y. 10005	14
Aubrey G. Lanston & Co., Inc.	20 Broad Street, New York, N. Y. 10005	14
Lehman Brothers Incorporated.....	One William Street, New York, N. Y. 10004	14
Paine, Webber, Jackson & Curtis Incorporated.....	140 Broadway, New York, N. Y. 10005	14
Smith, Barney & Co. Incorporated.....	1345 Avenue of the Americas, New York, N. Y. 10019	14
White, Weld & Co.	20 Broad Street, New York, N. Y. 10005	14
New York Hanseatic Corporation.....	60 Broad Street, New York, N. Y. 10004	14
Wm. E. Pollock & Co., Inc.	45 Wall Street, New York, N. Y. 10005	14
The Bank of California, N.A.	400 California Street, San Francisco, Calif. 94120	7.2
United California Bank.....	600 South Spring Street, Los Angeles, Calif. 90014	7.2
Equitable Securities, Morton & Co. Incorporated.....	65 Broadway, New York, N. Y. 10006	7.2
John Nuveen & Co. (Inc.).....	61 Broadway, New York, N. Y. 10006	7.2
Chas. E. Quincy & Co.	115 Broadway, New York, N. Y. 10006	7.2
First National Bank in St. Louis.....	510 Locust Street, St. Louis, Mo. 63101	4
Mercantile Trust Company N.A.	721 Locust Street, St. Louis, Mo. 63101	4
Pittsburgh National Bank.....	One Oliver Plaza, Pittsburgh, Pa. 15222	4
Wachovia Bank & Trust Company, N.A.	Main & Third Streets, Winston-Salem, N. C. 27102	4
Ball, Burge & Kraus.....	1414 Union Commerce Bldg., Cleveland, Ohio 44115	4
Dick & Merle-Smith.....	48 Wall Street, New York, N. Y. 10005	4
Briggs, Schaedle & Co., Inc.	44 Wall Street, New York, N. Y. 10005	4
Second District Securities Co., Inc.	1 Chase Manhattan Plaza, New York, N. Y. 10005	4
F. S. Smithers & Co., Inc.	45 Wall Street, New York, N. Y. 10005	4
Franklin National Bank.....	130 Pearl Street, New York, N. Y. 10015	2
The Ohio Company.....	51 North High Street, Columbus, Ohio 43215	2
Rand & Co., Inc.	One Wall Street, New York, N. Y. 10005	2
Total.....		<u>600</u>

[Form of Face of Insurance Contract]

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Series	No.	\$
Total Annual Interest of	%	(Subject to Reduction—
Payable January 31 on Unpaid Principal		See Paragraphs 2(C) and 6)
Interest accrues from Date hereof		Payable to Holder,
(See Paragraphs 2(A) and 2(B))		(See Paragraph 3)

FARMERS HOME INSURED NOTES
INSURANCE CONTRACT

1. (A) *Identification of Notes*—This Insurance Contract relates to the promissory notes, bonds, or assumption agreements, herein called the “notes”, described on the schedule attached hereto, which notes are made payable to or endorsed to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the “Government”. As of the date of this instrument, the aggregate sum of unpaid principal of the notes is \$, all of which notes are owned and held (together with the additional notes described in subparagraph 2(C) and paragraph 6 hereof to be held under and pursuant hereto) by herein called the “holder”.

(B) *Notes Held by Custodian*—Actual possession of the notes is held by Mercantile Trust Company National Association, St. Louis, Missouri, herein called the “Custodian”, which bank has been designated to retain custody of the notes by the underwriters of the \$ aggregate unpaid principal of Farmers Home Administration insured notes purchased from the Government pursuant to a Purchase Agreement dated , between such underwriters and the Government. Possession of the notes is to be held by the Custodian as bailee for the holder pursuant to the provisions of a Bailment Agreement executed by the Custodian as of the date hereof. By the acceptance of this instrument the holder hereby ratifies and confirms the appointment of the above-named Custodian and hereby agrees that the notes and the additional notes described in subparagraph 2(C) and paragraph 6 hereof may be held and dealt with in accordance with the provisions of said Bailment Agreement. Said Bailment Agreement provides, among other things, that the Custodian assumes full responsibility and risk for all notes deposited with and retained by it.

2. (A) *Payments to Holder*—The holder shall be entitled to all principal and interest payments required by the notes, including interest accrued from but not before the date of this instrument. All payments made by or on behalf of the borrower to which the holder is entitled shall be made to the Government as collection agent for the holder. As collection agent or insurer, the Government shall remit to the holder on January 31 of each year, beginning on January 31, , the interest portions of the installments which are due and owing to the holder as of January 1 of each year. As used in this instrument, the terms “interest portions” and “interest” shall be construed to include the

additional payments required by subparagraph (B) of this paragraph 2. Payments to the holder will be made by United States Treasury checks, and interest paid to the holder will be computed to the applicable January 31.

(B) *Additional Payments and Yield to Holder*—In addition to the payments required by each note and additional note to which the holder is entitled, the Government shall make payments to the holder in an amount sufficient to cause the holder's total yield on each note and additional note to be equal to _____ percent (_____ %) per annum of the unpaid principal balance thereof as reflected in the schedule required to be attached hereto. Such additional payments shall be made at the same times and in the same manner as the payments of the interest portions of the installments described in subparagraph (A) of this paragraph 2.

(C) *Purchase of Additional Notes*—So long as the notes are insured by the Government under this instrument, the principal portions of the installments which become due and payable to the holder shall be retained by the Government in the applicable insurance fund for the holder's account, and the Government shall apply such sums toward the purchase of additional Farmers Home Administration insured notes for and on behalf of the holder. The Government will deliver such additional notes, herein called "additional notes", to the Custodian (or to the holder if he has taken actual physical possession of the notes and additional notes pursuant to paragraph 7 hereof). A description of such additional notes will be included in a schedule mailed to the holder concurrently with the Treasury check sent to the holder as provided in subparagraph (A) of this paragraph 2. Such schedule(s) will be marked in alphabetical order and will be attached hereto when received by the holder. If any funds remain after the principal payments are applied toward the purchase of one or more whole additional

This contract is continued on the reverse hereof and the additional provisions there set forth shall for all purposes have the same effect as if set forth at this place.

UNITED STATES DEPARTMENT OF AGRICULTURE—FARMERS HOME ADMINISTRATION

By

Date.....
.....
(Title)

[Form of Reverse of Insurance Contract]

notes, such excess, with interest computed to the applicable January 31, shall be remitted to the holder annually along with the interest portions of the installments as provided in subparagraph (A) of this paragraph 2. All additional notes will be covered by this insurance contract as of the date they are purchased by the Government for and on behalf of the holder, and payment of the debts evidenced thereby shall be fully insured hereunder to the same extent and subject to the same insurance conditions as the debts evidenced by the notes, and the Government's insurance obligation and its obligations to make payments pursuant to this paragraph 2 and paragraph 3 hereof shall be secured to the same extent, as provided in paragraphs 4 and 5 hereof. Principal payments on additional notes shall also be retained by the Government and similarly used by the Government to purchase further whole additional notes for the holder, which shall be considered as "additional notes" as such term is used herein. It is the purpose and intent of this provision that all principal payments retained by the Government for the holder's account shall be used by the Government to purchase whole additional notes, with the

result that the aggregate sum of the outstanding principal balances of the notes and the outstanding principal balances of the additional notes shall at all times remain as near as practicable to the amount specified in subparagraph 1(A) hereof. The Government will make every reasonable effort to assure that this purpose and intent are achieved. In the event additional notes should not be available in either insurance fund for purchase by the Government on behalf of the holder, the Government will remit the principal payments, with interest computed to the applicable January 31, to the holder along with the interest portions of the installments as provided in subparagraph (A) of this paragraph 2.

3. *Repurchase Agreement*—The Government hereby agrees to repurchase the notes and additional notes from the holder on _____, and by the acceptance of this instrument the holder hereby agrees to assign the notes and additional notes to the Government on that date. Upon such assignment and surrender of this instrument at the Federal Reserve Bank of New York or at such other place as the Government may designate, the Government shall pay the holder by Treasury check the entire amount of principal and interest then owed the holder computed to the above repurchase date. If the holder has taken actual physical possession of the notes and additional notes pursuant to paragraph 7 hereof, such notes and additional notes shall be surrendered with this instrument. The Government shall have no obligation to make any payments of interest accrued after such repurchase date.

4. *Insurance of Debts*—Payment of the debts evidenced by the notes is hereby fully insured by the Government as of the date of execution hereof, pursuant to the provisions of the Consolidated Farmers Home Administration Act of 1961 or Title V of the Housing Act of 1949, subject to the provisions thereof and the regulations of the Farmers Home Administration, including its future regulations not inconsistent with the express provisions of this instrument, and subject to the provisions of the notes not inconsistent with the provisions of this instrument, and subject further to all the provisions of this instrument, to which the holder agrees by the acceptance of it.

5. *Insurance Fund and Security*—The Government's insurance obligation and its obligations as collection agent or insurer to make payments to the holder as required in paragraphs 2 and 3 hereof are secured by the applicable insurance fund and by the full faith and credit of the United States of America pursuant to said applicable statute. The holder agrees to forego all rights and remedies against the makers of the notes (borrowers) and any others in connection with the loans evidenced thereby, to forego any benefits of any related security, and to accept the benefits of this insurance contract in lieu thereof.

6. *Government's Right to Assignment*—By the acceptance of this instrument, the holder hereby agrees that in the event a note or additional note is paid in full or the Government determines that the assignment of a particular note or additional note is necessary in connection with the servicing or liquidation of the borrower's account or the related security, the Custodian may deliver such note or additional note to the Government, or if the holder has taken actual physical possession of the note or additional note pursuant to paragraph 7 hereof, he will deliver it to the Government upon request. Delivery of the note or additional note to the Government shall constitute an assignment thereof to the Government, and the Government will substitute therefor and deliver to the Custodian (or to the holder if he has taken actual physical possession of the notes and additional notes) another note of approximately the same value (principal plus accrued interest) as, but not more than the value of, the assigned note. If the value of the substitute note is less than the value of the assigned note, the Government shall remit the difference, with interest computed to the applicable January 31, to the holder annually along with the interest portions of the installments as provided in subparagraph 2(A) hereof. The substitute note shall be considered as an "additional note" as such term is used herein. The schedule furnished the holder annually pursuant to subparagraph 2(C) hereof will include the substitute note(s). In the event a substitute note should not be available to replace the assigned note, the Government shall pay the holder by Treasury check the value of the assigned note with interest computed to the applicable January 31.

7. *Holder's Right of Possession—Agreement as to Payee*—The holder shall be entitled to possession of the notes and additional notes at all times, and he shall have the right at any time to obtain actual physical possession thereof by making a written request to the Custodian named in subparagraph 1(B) hereof, accompanied by this instrument; *Provided, however,* that in order to avoid the necessity of endorsement of the notes and additional notes each time they are sold or assigned, it is agreed that they will remain payable to the order of the Government so long as they remain insured by the Government.

8. *Resale of Notes*—Any holder may sell all the notes and additional notes at any time with the benefits of this insurance contract by assigning* all right, title, and interest in this instrument and the notes and additional notes to the purchaser and forwarding this instrument (with the executed assignment and the appropriate attached schedule) to the Federal Reserve Bank of New York, or such other place as the Government may designate. Upon receipt thereof, the Federal Reserve Bank of New York will register the transfer on its records and the purchaser will thereafter receive a new Insurance Contract executed by the Government. No sale shall be binding on the Government unless and until the transfer is registered as provided in this paragraph 8.

*(Use the assignment form set forth below.)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned does hereby sell, assign, and transfer unto.....

.....
(Name and address of Transferee)

all its right, title and interest in and to the within instrument and the notes and additional notes covered thereby.

.....
(Name of Transferor)

By
(Signature)

.....
(Title)

.....
(Date)

PERSONALLY APPEARED BEFORE ME THE ABOVE NAMED PERSON, WHOSE IDENTITY IS WELL KNOWN OR PROVED TO ME, AND SIGNED THE ABOVE ASSIGNMENT, ACKNOWLEDGING IT TO BE HIS FREE ACT AND DEED. WITNESS MY HAND, OFFICIAL DESIGNATION, AND SEAL.

.....
(Signature of Witnessing Officer)

.....
(Official Designation)

SEAL DATED AT, 19....

SCHEDULE

(For attachment to Insurance Contract Series, No.)

<u>Borrower Name</u>	<u>Borrower Case Number</u>	<u>Loan No.</u>	<u>Date of Note</u>	<u>Int. Rate of Note</u>	<u>Face Amount of Note</u>	Amount of Unpaid Principal as of <u>19...</u>
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Total..... \$

THIS SCHEDULE WILL BE OUT OF DATE AS OF JANUARY 31, 19 , AND MUST
BE REPLACED BY SCHEDULE UPON RECEIPT THEREOF BY THE HOLDER.

FARMERS HOME INSURED NOTES
BAILMENT AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, executed as of December 22, 1970;

WHEREAS, under the provisions of a Purchase Agreement dated December 9, 1970, between a group of underwriters listed in a schedule attached thereto and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government", such underwriters have purchased blocks of promissory notes, bonds, or assumption agreements insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961 or Title V of the Housing Act of 1949, which notes, bonds, or assumption agreements are herein called "notes"; and

WHEREAS, each of such underwriters in Section 10 of an Agreement Among Underwriters dated December 9, 1970, relating to such purchase has authorized Mercantile Trust Company National Association, St. Louis, Missouri, herein called the "Custodian", to accept delivery of the block(s) of notes purchased by such underwriters from the Government and to hold such notes in accordance with the provisions of this Agreement; and

WHEREAS, the notes are described on Schedules A attached to Insurance Contracts executed by the Government as of the date first above written, which notes and copies of which Schedules A are being delivered to the Custodian simultaneously with the execution hereof; and

WHEREAS, each owner and subsequent owner of notes, herein called "holder", who does not wish to take actual physical possession thereof shall, by the acceptance of one or more of said Insurance Contracts (a specimen copy of which is attached hereto), be deemed to have authorized the Custodian to retain custody of such holder's notes; and

WHEREAS, it becomes necessary from time to time for the Government to require the assignment and delivery to it of a particular note when the note is paid in full or when the borrower's account or the related security is being serviced or liquidated; and

WHEREAS, under the provisions of said Insurance Contracts the Government will, from time to time, purchase additional notes on behalf of the holders of such Contracts, and will deliver such additional notes to the Custodian as bailee of the notes; (when the context permits, the term "note" or "notes" as used herein shall be construed to include any such additional note(s) and to include also any substitute note(s) delivered by the Government to the Custodian to replace any note(s) required by the Government to be assigned to it); and

WHEREAS, under the provisions of said Insurance Contracts any holder has the right at any time to obtain actual physical possession of the notes owned by him by making written request to the Custodian accompanied by the Insurance Contract(s) relating to such notes; and

WHEREAS, the Government has agreed to repurchase the notes represented by the Insurance Contracts on November 30, 1980 from the holders thereof and the holders have agreed to assign such notes to the Government on said dates; and

WHEREAS, the Finance Office of the Farmers Home Administration, herein called the "Finance Office", is located near the downtown business area of St. Louis, Missouri, and for the convenience of all parties concerned, and to avoid the risk of loss of notes in the mails, it is desired that the notes be stored at a location in such downtown area, so that authorized representatives of the Government may have convenient access to any of the notes at all times during regular business hours;

Now, THEREFORE, pursuant to authorization as above recited and in consideration of the sum of \$56,200 paid by the said underwriters, the Custodian hereby agrees as follows:

1. The Custodian hereby acknowledges receipt of the notes described on the Schedules A delivered to it as of the date hereof.

2. At all times during the term of this Agreement, the Custodian will hold and store the notes in a fireproof cabinet(s) or vault(s) located in a building in the downtown business area of St. Louis, Missouri, not further than five miles from the Finance Office at its present location. The Custodian will retain custody of the notes as bailee for the holders, and in no case will it be acting as bailee or agent for the Government. The Custodian will keep the notes adequately insured against loss or damage by fire, windstorm, flood and other acts of God, and burglary and robbery or otherwise. The Custodian shall assume full responsibility and risk for all notes on deposit with it and shall bear all costs and expenses incurred by it as bailee of such notes, and the Government shall not be liable for any such costs or expenses.

3. The Custodian hereby acknowledges the receipt of the above sum of \$56,200 from said underwriters as full payment for all fees and expenses during the term of this Agreement and that said underwriters and the holders shall have no further obligation to pay any additional fee or expenses of the Custodian; and the Custodian further agrees that the underwriters and the holders shall not have any responsibility whatsoever or risk of loss or damage by fire, windstorm, flood and other acts of God, and burglary or robbery or otherwise with respect to the notes except any notes which the Custodian might deliver to a holder upon request pursuant to his Insurance Contract(s) and this Agreement. The Custodian shall have no responsibility to insure or verify that the Government's obligations under and pursuant to said Insurance Contracts shall have been satisfied; nor shall it have any responsibility respecting the validity or adequacy of the notes deposited with it.

4. The Government, through its authorized representatives, shall have free access to the notes at any time during regular business hours as long as this Agreement shall remain in effect. The authorized representatives of the Government for this purpose shall be the Director, each Deputy Director, and the Insured Loan Officer, Finance Office, and any other employee of the Farmers Home Administration who has written authorization from the Director or Acting Director, Finance Office. The number of employees having such written authorization at any one time shall not exceed five. Any such authorized representative shall have the right at any time to remove any note or notes, provided the Government's representative furnishes the Custodian with a receipt showing with respect to each removed note: the name and case number of the borrower, date of note, face amount, rate of interest, date of removal of the note, and number of the Insurance Contract covering such note. When the Government delivers a note or notes to the Custodian, the Custodian will store such note(s) with the respective block(s) of notes designated by the Government and will furnish the Government with a receipt describing the note(s) in the manner above indicated and showing the date of delivery. It is understood the Government will furnish the Custodian with copies of all schedules transmitted to holders as of each January 31, which will include a description of the notes delivered to the Custodian for the preceding year.

5. Upon the written request of any holder accompanied by the Insurance Contract(s) relating to the notes owned by such holder, and after advising the Government and receiving confirmation from the Government that such holder is the record owner of such notes, the Custodian will deliver such notes to the holder together with the Insurance Contract(s) relating thereto, marked with a notation to evidence that such notes are no longer held by the Custodian. As of the date of such delivery this Agreement shall terminate with respect to the notes so delivered and the Custodian's responsibilities and duties as bailee of the notes so delivered shall cease.

6. On November 30, 1980 the Custodian will, upon appropriate receipt therefor, deliver to the Government all of the notes held by the Custodian hereunder. As of the date of such delivery, this Agreement shall terminate and the Custodian's responsibilities and duties as bailee of the notes so delivered shall cease.

IN WITNESS WHEREOF, the Custodian has caused its corporate name to be hereto subscribed by its proper officer(s) in that behalf duly authorized, and its corporate seal to be hereunto affixed and attested on the day and year first above written.

[CORPORATE SEAL]
Attest:

MERCANTILE TRUST COMPANY
NATIONAL ASSOCIATION

.....

By.....

.....
(Title)

.....
(Title)

BROWN, WOOD, FULLER, CALDWELL & IVEY
70 PINE STREET
NEW YORK, N. Y. 10005

PRELIMINARY BLUE SKY SURVEY

**UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
FARMERS HOME INSURED NOTES**

November 25, 1970

SALOMON BROTHERS
A. G. BECKER & CO. INCORPORATED
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
THE FIRST BOSTON CORPORATION
As Representatives of the several Underwriters
c/o Salomon Brothers,
One New York Plaza,
New York, N. Y. 10004

Dear Sirs:

In connection with the proposed sale by the Underwriters of Blocks of Notes held by the United States Department of Agriculture, Farmers Home Administration (the "Government"), fully insured as to principal and interest and offered under Insurance Contracts representing ownership of individual Blocks of whole Notes, we submit herewith our survey which indicates the jurisdictions in which the Notes may be sold by the Underwriters and other dealers or brokers pursuant to the Blue Sky or securities laws of such jurisdictions.

We are not admitted to practice law in any jurisdiction except New York and have not obtained opinions of local counsel in other jurisdictions. Our survey is based on an examination of the statutes and regulations, if any, of the various jurisdictions as reported in standard compilations, on interpretative advice obtained from representatives of certain securities commissions and on the information contained in the current form of the Preliminary Prospectus relating to the Notes. Our survey is further based on an opinion of the Attorney General of the United States, dated December 29, 1969, to the effect that the Government's agreements to insure payment of principal of and interest on the Notes and to repurchase the Notes on a specified date and to make additional interest payments would constitute general obligations of the United States backed by its full faith and credit.

Our survey is subject to the broad discretionary powers of securities commissioners or other authorized officials to withdraw or deny the exempt status accorded by statute to particular classes of

securities, to require additional information and to issue stop orders or to revoke or to suspend permits where such have been granted. Our survey does not purport to cover the requirements or restrictions, if any, with respect to advertising matter. In those jurisdictions where persons registered or licensed as dealers or brokers may sell the Notes, it is assumed that such persons have complied with applicable statutes and regulations concerning dealers or brokers and with respect to the registration or licensing of salesmen.

Any statement in our survey with respect to sales to banks, savings institutions, trust companies, insurance companies or the like refers only to the requirements of the securities laws relating to such sales and does not purport to cover the question of whether the Notes will be legal for investment by such institutions.

Very truly yours,

BROWN, WOOD, FULLER, CALDWELL & IVEY

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
FARMERS HOME INSURED NOTES

PRELIMINARY BLUE SKY SURVEY

PART I

SALES TO THE PUBLIC

A.

Our survey indicates that the Notes may be sold to the public in the following jurisdictions without registration or other filings relating thereto by reason of available exemptions or otherwise, subject to the specific requirement that the sellers, unless otherwise noted below, must be registered or licensed as dealers or brokers therein:

Alabama	Kentucky	Oklahoma
Alaska	Maine	Oregon
*Arizona	Maryland	*Pennsylvania
Arkansas	Massachusetts	Puerto Rico
California	Michigan	Rhode Island
Colorado	Minnesota	South Carolina
Connecticut	Missouri	South Dakota
*Delaware	Montana	Tennessee
District of Columbia	Nebraska	Texas
Florida	†Nevada	Utah
Georgia	New Hampshire	Vermont
Hawaii	New Jersey	Virginia
Idaho	New Mexico	Washington
Illinois	New York	West Virginia
Indiana	North Carolina	Wisconsin
Iowa	North Dakota	Wyoming
Kansas	Ohio	

* Sellers need not be registered or licensed as dealers or brokers herein.

† Dealer registration is not required if the seller either is registered pursuant to the provisions of the Securities Exchange Act of 1934 or is a member of the National Association of Securities Dealers, Inc.

B.

Our survey indicates that in the following states action must be taken to confirm an exempt status for the Notes for sale to the public by registered or licensed dealers or brokers therein. Such action will be taken and, before any of the Notes are sold in these states, inquiry should be made of Salomon Brothers as to whether the action required to be taken has been completed.

Louisiana

Mississippi

PART II

EXEMPT TRANSACTIONS

Our survey indicates that the Notes may be sold in the following jurisdictions to the institutions or persons noted below without registration or other filings relating thereto and without the sellers thereof being required to be registered or licensed as dealers or brokers therein, except as otherwise indicated:

- Alabama** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
- Alaska** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Alaska and effects transactions in Alaska exclusively with or through such persons or institutions.
- Arizona** To anyone.
- Arkansas** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Arkansas and effects transactions in Arkansas exclusively with or through such persons or institutions.
- California** To (1) any broker-dealer, bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust; (2) any college or university which has total endowment funds (including annuity and life income funds) of not less than \$5,000,000 according to its most recent audited financial statement; (3) any corporation which has a net worth on a consolidated basis according to its most recent audited financial statement of not less than \$14,000,000; (4) any wholly-owned subsidiary of any of the foregoing institutional investors; or (5) the Federal government, any agency or instrumentality of the Federal government, any corporation wholly-owned by the Federal government, any state, any city, city and county, or county, or any agency or instrumentality of a state, city, city and county, or county, or any state university or state college, and any retirement system for the benefit of employees of any of the foregoing; provided the person making the sale, if not registered, has no place of business in California and such person is registered as a broker-dealer under the Securities Exchange Act of 1934 and has not previously had any certificate denied or revoked under the California securities law or any predecessor statute.

Colorado	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Colorado and effects transactions in Colorado exclusively with or through such persons or institutions.
Connecticut	To any registered broker or dealer provided the person selling, if not registered, has no place of business in Connecticut and is selling exclusively to registered brokers or dealers.
Delaware	To anyone.
District of Columbia	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in the District of Columbia and effects transactions in the District of Columbia exclusively with or through such persons or institutions.
Florida	To any bank, savings institution, trust company, insurance company, corporation, pension plan, or to any broker or dealer.
Georgia	To any bank, savings institution, trust company, insurance company, corporation or dealer, or to any organization or association a principal part of whose business consists of the buying of securities.
Hawaii	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Hawaii and effects transactions in Hawaii exclusively with or through such persons or institutions.
Idaho	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
Illinois	To any corporation, bank, savings institution, trust company, insurance company, building and loan association, dealer, pension fund or pension trust, employees' profit-sharing trust or to any association engaged as a substantial part of its business or operations in purchasing or holding securities, or to any trust in respect of which a bank or trust company is trustee or co-trustee.
Indiana	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Indiana and effects transactions in Indiana exclusively with or through such persons or institutions.
Iowa	To any bank, savings institution, trust company, insurance company, or to any corporation or to any broker or dealer, provided that such broker or dealer is actually engaged in buying and selling securities as a business.
Kansas	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer or underwriter.

Kentucky	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
Louisiana	To any bank, savings institution, trust company, insurance company, or to any corporation or to any broker or dealer, provided that such broker or dealer is actually engaged in buying and selling securities as a business.
Maine	To any registered dealer.
Maryland	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Maryland and effects transactions in Maryland exclusively with or through such persons or institutions.
Massachusetts	To any registered broker, national bank, trust company, savings bank, insurance company, any corporation or any organization having transferable shares.
Michigan	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as trustee, provided the person making the sale, if not registered, has no place of business in Michigan and effects transactions in Michigan exclusively with or through such persons or institutions.
Minnesota	To any licensed broker-dealer or to any bank or financial institution under the supervision of an instrumentality or officer of the United States or of the Commissioner of Banks or of the Commissioner of Insurance of Minnesota, provided the person making the sale is a registered or licensed broker or dealer in any state.
Mississippi	To any bank, savings institution, trust company, insurance company, dealer, any agency or instrumentality of the United States or of a state, or to any person a principal part of whose business consists of buying securities.
Missouri	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Missouri and effects transactions in Missouri exclusively with or through such persons or institutions.
Montana	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
Nebraska	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
Nevada	To anyone, provided the person making the sale is registered as a broker-dealer in Nevada or is registered as a broker-dealer pursuant to the provisions of the Securities Exchange Act of 1934 or is a member of the National Association of Securities Dealers, Inc.

- New Jersey** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, effects transactions in New Jersey exclusively with or through such persons or institutions.
- New Mexico** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
- New York** To any state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof, to any dealer or broker, or to any syndicate, corporation or group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups.
- North Carolina** To any bank, savings institution, trust company, insurance company, or to any corporation, or to any registered dealer.
- North Dakota** To any bank, savings bank, savings institution, trust company, insurance company, registered dealer, or to any corporation, organization or association, a principal part of whose business consists of the buying of securities.
- Ohio** To any licensed dealer; and, provided the person making the sale is a licensed dealer, to any corporation, bank, trust company, building and loan association, savings association, insurance company, pension fund or trust, employees' profit sharing fund or trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee.
- Oklahoma** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Oklahoma and effects transactions in Oklahoma exclusively with or through such persons or institutions.
- Oregon** To any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any registered broker or dealer.
- Pennsylvania** To anyone.
- Puerto Rico** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker or dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Puerto Rico and effects transactions in Puerto Rico exclusively with or through such persons or institutions.
- Rhode Island** To any national bank or any bank, trust company, insurance company or association under the supervision of the Director of Business Regulation of Rhode Island, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or institutional buyer, provided the investments are taken by the above institutions for their own account and investment; or to any registered broker.
- South Carolina** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer,

or to any broker-dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in South Carolina and effects transactions in South Carolina exclusively with or through such persons or institutions.

South Dakota	To any bank, savings institution, trust company, insurance company, or licensed broker.
Tennessee	To any bank, savings institution, trust company, insurance company, building and loan association, dealer, pension fund or pension trust, employees' profit-sharing trust, or to any association engaged as a substantial part of its business or operations in purchasing or holding securities, or to any trust in respect of which a bank or trust company is trustee or co-trustee.
Texas	To any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution, investment company as defined in the Investment Company Act of 1940, small business investment company as defined in the Small Business Investment Act of 1958, as amended, or to any registered dealer actually engaged in buying and selling securities.
Utah	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Utah and effects transactions in Utah exclusively with or through such persons or institutions.
Vermont	To any registered dealer.
Virginia	To any corporation, investment company or pension or profit-sharing trust or to any broker-dealer.
Washington	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
West Virginia	To any bank, savings institution, trust company, insurance company, or to any broker or dealer, provided that such broker or dealer is actually engaged in buying and selling securities as a business.
Wisconsin	To any bank, savings institution, trust company, insurance company, broker-dealer, investment company as defined in the Investment Company Act of 1940, or pension or profit-sharing trust, any endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code, any issuer which has any class of securities registered under Section 12 of the Securities Exchange Act of 1934, or to any other corporation or partnership which has been in existence for 10 years or whose net assets exceed \$250,000, and whose principal purpose as stated in its articles, by-laws or other organizational instrument is the purchasing and holding of securities (provided that the broker-dealer obtains records confirming such facts prior to effecting transactions with any such investor), whether the purchaser is acting for itself or as trustee, provided the person making the sale, if not registered, has no place of business in Wisconsin and effects transactions in Wisconsin exclusively with or through such persons or institutions.
Wyoming	To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or as a trustee, provided the person making the sale, if not registered, has no place of business in Wyoming and effects transactions in Wyoming exclusively with or through such persons or institutions.

BROWN, WOOD, FULLER, CALDWELL & IVEY
70 PINE STREET
NEW YORK, N. Y. 10005

LEGAL INVESTMENT SURVEY

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
FARMERS HOME INSURED NOTES

November 25, 1970

SALOMON BROTHERS
A. G. BECKER & CO. INCORPORATED
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
THE FIRST BOSTON CORPORATION
As Representatives of the several Underwriters
c/o Salomon Brothers,
One New York Plaza,
New York, N. Y. 10004

Dear Sirs:

We submit herewith our survey relating to the eligibility of Blocks of Notes held by the United States Department of Agriculture, Farmers Home Administration (the "Government"), fully insured as to principal and interest and offered under Insurance Contracts representing ownership of individual Blocks of whole Notes, for investment by savings banks, trust funds, life insurance companies and insurance companies other than life under the statutes of the various states of the United States, the District of Columbia and the Commonwealth of Puerto Rico.

Timely payment of principal of and interest on the Notes is to be insured pursuant to statute by the Government. In addition, the Government will agree to repurchase the Notes after a specified period of time and to pay to holders of the Notes amounts sufficient to bring the total annual interest on the aggregate outstanding unpaid principal balance of each holder's Notes to the rates set forth in the Prospectus.

The Attorney General of the United States, in an opinion dated December 29, 1969, concluded that the Government's "agreements to insure payment of principal and interest to investors and to repurchase insured notes from such investors on a specified date would be valid and would constitute general obligations of the United States backed by its full faith and credit" and that the Government's obligation to make additional interest payments as described above "would constitute a general obligation of the United States backed by its full faith and credit."

We are not admitted to practice law in any jurisdiction other than New York and have not obtained opinions of local counsel in other jurisdictions. Furthermore, we have not endeavored to obtain any official rulings from state authorities save with respect to general interpretation of certain statutory provisions. Our survey is based

on an examination of the statutes as reported in standard compilations and on information contained in the current form of the Preliminary Prospectus relating to the Notes. Our survey is further based on the Attorney General's opinion referred to above.

Attention is called to the fact that in certain jurisdictions investors of the types mentioned above are permitted to invest only particular funds, or a specified portion or percentage of their funds, in certain obligations or other investments. Attention is also called to the fact that specific action may be required by the boards of directors or investment committees of such investors in order to make the investment. Our survey does not cover any restrictions or requirements of this nature except to the extent specifically set forth. Our survey does not take into consideration the necessity of court orders for, or the effect of the governing trust instruments upon, the investment of trust funds, nor limitations as to the investment of particular funds, such as funds held by guardians and other types of personal fiduciaries. The conclusions stated with respect to insurance companies other than life may in certain cases be inapplicable to certain special types of insurance companies.

Our survey is only for the general guidance of the Underwriters in appraising and analyzing the potential market for the Notes, and each ultimate investor should independently satisfy itself that investment in the Notes is legal as to such investor. Any statement in this survey with respect to the eligibility of the Notes for investment refers only to the legal investment laws applicable to the named institutions and does not purport to cover the requirements of the securities laws relating to the sales to such institutions.

Very truly yours,

BROWN, WOOD, FULLER, CALDWELL & IVEY

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
FARMERS HOME INSURED NOTES

LEGAL INVESTMENT SURVEY

I. Legality Under Federal Statutes

The Notes are acceptable as security for the deposit of public moneys subject to the control of the United States or any of its officers, agents or employees.

The Notes are eligible as collateral for Treasury Tax and Loan Accounts.

Under Federal law national banks and state banks which are members of the Federal Reserve System may purchase the Notes for their own account without regard to any limitation based on capital and surplus.

The Notes are legal investments for surplus funds of Federal Home Loan Banks.

The Notes are legal investments for any portion of the assets of Federal Savings and Loan Associations.

Federal Credit Unions may invest their funds in the Notes.

II. Legality Under State Statutes

<u>State</u>	<u>Savings Banks</u>	<u>Trust Funds</u>	<u>Life Insurance Companies</u>	<u>Insurance Companies Other than Life</u>
Alabama	(1)	Legal	(1)	(1)
Alaska	Legal	(1)	Legal	Legal
Arizona	(1)	(1)	Legal	Legal
Arkansas	(1)	Prudent Investor Test	Legal	Legal
California	Legal	Prudent Investor Test	Legal	Legal
Colorado	Legal(2)	Prudent Investor Test	Legal	Legal
Connecticut	Legal	Prudent Investor Test	Legal	(1)
Delaware	(1)	Prudent Investor Test	Legal	Legal
District of Columbia	Legal(2)	Legal	Legal	Legal
Florida	Legal(2)	Prudent Investor Test	Legal	Legal
Georgia	(1)	Legal	Legal	Legal
Hawaii	Legal	Prudent Investor Test	Legal	Legal
Idaho	Not Legal	Prudent Investor Test	Legal	Legal
Illinois	Legal(2)	Prudent Investor Test	Legal	Legal
Indiana	Legal	Prudent Investor Test	Legal	Legal
Iowa	Legal(2)	Legal	Legal	Legal
Kansas	Legal(2)	Prudent Investor Test	Legal	Legal
Kentucky	(1)	Legal	Legal	Legal
Louisiana	Not Legal	Prudent Investor Test	Legal	Legal
Maine	Legal	Prudent Investor Test	Legal	Legal

<u>State</u>	<u>Savings Banks</u>	<u>Trust Funds</u>	<u>Life Insurance Companies</u>	<u>Insurance Companies Other than Life</u>
Maryland	Legal(3)	(1)	Legal	Legal
Massachusetts	Legal	(1)	Legal	Legal
Michigan	Legal(2)	Prudent Investor Test	Legal	Legal
Minnesota	Legal	Prudent Investor Test	Legal	Legal
Mississippi	(1)	Prudent Investor Test	Legal	Legal
Missouri	(1)	(1)	Legal	(1)
Montana	Not Legal	Prudent Investor Test	Legal	Legal
Nebraska	(1)	Prudent Investor Test	Legal	Legal
Nevada	Not Legal	Prudent Investor Test	Legal	Legal
New Hampshire	Legal	Legal	Legal	(1)
New Jersey	Legal	Legal(4)	Legal	Legal
New Mexico	Legal(2)	Prudent Investor Test	Legal	Legal
New York	Legal	Prudent Investor Test	Legal	Legal
North Carolina	(1)	Legal	Legal	Legal
North Dakota	Not Legal	Prudent Investor Test	Legal	Legal
Ohio	Legal(2)	Legal	Legal	Legal
Oklahoma	Legal(2)	Prudent Investor Test	Legal	Legal
Oregon	Legal	Prudent Investor Test	Legal	Legal
Pennsylvania	Legal	Legal(4)	Legal	Not Legal
Puerto Rico	Legal(2)	(1)	Legal	Legal
Rhode Island	Legal	Trustees have discretion	(1)	(1)
South Carolina	(1)	Prudent Investor Test	Legal	Legal
South Dakota	(1)	Prudent Investor Test	Legal	Legal
Tennessee	Legal(2)	Prudent Investor Test	Legal	Legal
Texas	Legal(2)	Prudent Investor Test	Legal	Legal
Utah	(1)	Prudent Investor Test	Legal	Legal
Vermont	Legal	(1)	Legal(4)	Legal(4)
Virginia	(1)	Legal	Legal	Legal
Washington	Legal	Prudent Investor Test	Legal	Legal
West Virginia	(1)	Legal(4)	Legal	Legal
Wisconsin	Legal	Prudent Investor Test	Not Legal(5)	Legal
Wyoming	Not Legal	Prudent Investor Test	Legal	Legal

(1) No relevant statute.

(2) Legal for banks generally.

(3) The statute provides that any deposit of money in a savings institution "shall be invested or loaned out on good security, in the discretion of the directors."

(4) Legal provided that the Prudent Investor Test is met.

(5) The statute permits investment of limited funds in investments not otherwise authorized.

Salomon Brothers

December 9, 1970

United States Department of Agriculture
Farmers Home Administration
Washington, D. C. 20250

Gentlemen:

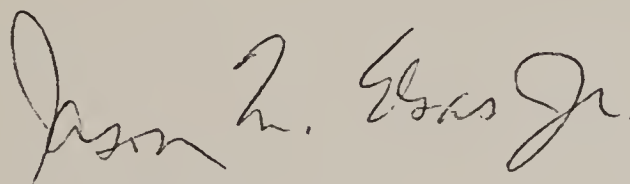
Reference is made to the Prospectus dated December 9, 1970
used in connection with the public offering of \$300,086,379.86
Farmers Home Insured Notes.

As Representatives of the several Underwriters named therein
we confirm that we have furnished to you expressly for use
in the Prospectus (i) the information contained therein with
respect to stabilization as set forth on Page 5 and (ii) the
information contained therein under the caption "Underwriters".

Very truly yours,

SALOMON BROTHERS
A. G. BECKER & CO. INCORPORATED
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
THE FIRST BOSTON CORPORATION

BY: SALOMON BROTHERS



A General Partner

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offer is made only by the Prospectus.

New Issue / December 10, 1970

\$300,086,380

United States Department Of Agriculture Farmers Home Administration Farmers Home Insured Notes

Total Annual Interest of 7% on Unpaid Principal Amount

Principal Payable November 30, 1980 Pursuant to Repurchase Commitment

Interest payable January 31 of each year

Price 100% and accrued interest, if any, at the above rate from December 22, 1970

The Attorney General of the United States, in an opinion dated December 29, 1969, concluded that the Government's "agreements to insure payment of principal and interest to investors and to repurchase insured notes from such investors on a specified date would be valid and would constitute general obligations of the United States backed by its full faith and credit" and that the Government's obligation to make additional interest payments to bring the interest on the insured notes to the above rate "would constitute a general obligation of the United States backed by its full faith and credit."

Copies of the Prospectus may be obtained in any State in which this announcement is circulated only from such of the undersigned as may legally offer these securities in such State.

Salomon Brothers

A. G. Becker & Co.
Incorporated

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

The First Boston Corporation

First Trust Company	The Chase Manhattan Bank, N.A.	Chemical Bank	Continental Bank <small>Continental Illinois National Bank and Trust Company of Chicago</small>	The First National Bank <small>of Chicago</small>
National City Bank	Harris Trust and Savings Bank	Morgan Guaranty Trust Company <small>of New York</small>	Discount Corporation of New York	
Pont, Glore Forgan & Co.	Aubrey G. Lanston & Co., Inc.	New York Hanseatic Corporation	Wm. E. Pollock & Co., Inc.	
California Bank	Chas. E. Quincey & Co.	Briggs, Schaedle & Co., Inc.	Second District Securities Co., Inc.	

of America	The Northern Trust Company	Blyth & Co., Inc.	Eastman Dillon, Union Securities & Co.	Goldman, Sachs & Co.
y, Stuart & Co. Inc.	Hornblower & Weeks-Hemphill, Noyes		Kidder, Peabody & Co. <small>Incorporated</small>	Kuhn, Loeb & Co. <small>Incorporated</small>
Webber, Jackson & Curtis	Smith, Barney & Co. <small>Incorporated</small>		White, Weld & Co.	The Bank of California <small>National Association</small>
ble Securities, Morton & Co.	John Nuveen & Co. <small>(Incorporated)</small>	The First National Bank <small>in St. Louis</small>	Mercantile Trust Company N.A. <small>(St. Louis)</small>	Dick & Merle-Smith
burgh National Bank	Wachovia Bank & Trust Company, N.A.	Ball, Burge & Kraus		Rand & Co., Inc.
Smithers & Co., Inc.	Franklin National Bank	The Ohio Company		



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

December 8, 1970

Mr. John K. Carlock
Fiscal Assistant Secretary
Department of the Treasury
Room 3464
Washington, D.C.

Dear Mr. Carlock:

On the above date, this department received a bid on a \$300 million issue of Farmers Home insured notes under the block sale instrument from William Simon, Managing Partner of Salomon Brothers, who is serving as lead manager of the underwriting group. The notes are being offered under 600 block instruments, each consisting of approximately \$500,000 with a 10-year non-callable maturity. This bid was reviewed with a committee of the Office of the Secretary of Agriculture and a representative of the Treasury. We accepted a rate of 7 percent (annual basis) with a \$4.50 per thousand concession to the underwriters.

We request confirmation of approval as previously given by telephone from Dr. Bruce MacLaury, Deputy Under Secretary - Monetary Affairs. Please sign as indicated below.

Sincerely,

T. K. CONDEN
Assistant Secretary

Approved: December 8, 1970

John K. Carlock
Fiscal Assistant Secretary

FISCAL AGENCY AGREEMENT

AGREEMENT, effective as of the 19th day of January, 1970, between the United States Department of Agriculture, Farmers Home Administration (hereinafter called "Farmers Home") and the Federal Reserve Bank of New York as fiscal agent of the United States (hereinafter called the "Bank");

WHEREAS, Farmers Home proposes to sell certain blocks of promissory notes fully insured as to principal and interest pursuant to the Consolidated Farmers Home Administration Act of 1961 or Title V of the Housing Act of 1949, such blocks of notes to be offered under Insurance Contracts, in registered form, (hereinafter referred to as "Contracts"); and

WHEREAS, pursuant to Section 15 of the Federal Reserve Act (12 U.S.C. section 391), the Secretary of the Treasury of the United States has requested and authorized the Bank to act on behalf of Farmers Home, as fiscal agent of the United States and to enter into agreements with Farmers Home with respect to such Contracts and to perform such acts as may be set forth in or incidental to such agreements;

NOW, THEREFORE:

1. The Bank shall perform those services for Farmers Home that are necessary and appropriate in connection with the Contracts, including but not limited to registration and transfer of the Contracts, payment of principal and interest required by

the Contracts, and attachment to the Contracts of such schedules as may be furnished by Farmers Home, all as hereinafter provided and in accordance with such procedures as the Bank, Farmers Home and the Treasury Department shall from time to time hereafter mutually agree upon.

2. The Contracts shall be executed on behalf of Farmers Home by the Secretary of Agriculture, Under Secretary of Agriculture, Assistant Secretary of Agriculture for Rural Development and Conservation, or the Administrator of the Farmers Home Administration, either manually or by facsimile.

3. Farmers Home shall furnish to the Bank in partly finished form the stock of Contracts that are to be issued by Farmers Home (stock in such partly finished form being hereinafter called "unissued stock"), and the Bank shall hold such unissued stock and, pursuant to instructions received by the Bank in writing from Farmers Home, shall complete such unissued stock by printing thereon the series and numbers, the principal amount, the rate of interest, the dates of the issue and maturity of each Contract, and such other information as Farmers Home may direct. The Bank will deliver the Contracts issued by Farmers Home, and shall, from time to time, deliver Contracts in accordance with the provisions provided for in paragraph 6 hereof, to effect transfers and to replace mutilated, lost or destroyed Contracts.

4. On original issue, the Bank shall deliver Contracts, against receipt of payment in Federal funds, in accordance with written instructions from the Administrator, Deputy Administrator, or Assistant Administrator (Insured Note Marketing), of Farmers Home.

5. The Bank will notify Farmers Home and the Treasury Department by telegram of payments received upon original issue and the deposit thereof in the general account maintained on the books of the Bank in the name of the Treasurer of the United States for credit to Farmers Home under Accounting Station Symbol 12-20-0408, or such other account symbol number or numbers as may be assigned by the Treasurer of the United States, and the Bank will forward to Farmers Home a copy of the certificate of deposit made in connection therewith.

6. Transactions of any nature involving the Contracts will be governed, insofar as is appropriate, by the regulations and procedures now or hereafter prescribed by the Treasury Department for the conduct of similar transactions involving United States securities, except as may be otherwise mutually agreed upon by Farmers Home and the Bank.

7. Immediately in advance of each regular annual interest due date and maturity date, Farmers Home will deposit to the credit of the Treasurer of the United States under Account Symbol No. 17-873 or such other account symbol number or numbers as may be assigned by the Treasurer of the United States, an amount equal to the interest and principal (if any) due under outstanding unmatured Contracts, and the principal and final interest due under maturing Contracts; and the Bank will, in behalf of Farmers Home, pay interest and principal (if any) required by the Contracts as they become due and final interest with principal upon presentment of matured Contracts and will charge to such account or accounts all such payments made by it.

Handwritten notes:
- from 501
- 12-20-0408
- 17-873
- 12-20-0408
- 17-873
- 12-20-0408
- 17-873

8. The Bank shall maintain at its office, in the Borough of Manhattan, City of New York, books for the registration and transfer of the Contracts, and all registrations and transfers of the Contracts shall be noted by the Bank on such books.

9. Except as may be otherwise mutually agreed upon by Farmers Home and the Bank, no registration or transfer of Contracts shall be made for a period not to exceed fifteen (15) days next preceding any date fixed for the payment of interest or principal required by the Contracts.

10. The Bank will account for unissued stock and will cancel Contracts that have been transferred or redeemed in behalf of Farmers Home hereunder and dispose of such cancelled Contracts and will account therefor, all in accordance with instructions received by the Bank from Farmers Home in respect of such matters.

11. The Bank may act upon the instructions or advice of the Administrator, Deputy Administrator, Assistant Administrator (Insured Note Marketing), Assistant Administrator (Management), Director or Deputy Director of the Finance Office, or the Insured Loan Officer, of Farmers Home, or upon the advice of the General Counsel, or Assistant General Counsel, of the United States Department of Agriculture, except as otherwise provided in paragraph 4 hereof, and such instructions and advice shall be full and complete authorization in respect of any action taken or suffered by the Bank hereunder.

12. Farmers Home shall furnish to the Bank written advice in respect of the names, titles, specimen signatures, and authority of

the persons who shall be authorized to issue directions and instructions to the Bank and otherwise act in respect of transactions to be effected by the Bank hereunder, and the Bank shall be entitled to rely thereon until it shall have received written notice to the contrary.

13. The Bank will keep separate accounts and records of all transactions and services performed for Farmers Home under this Agreement, and shall permit Farmers Home, at any reasonable time, to examine such accounts and records, except Contracts located in the vaults of the Bank.

14. The Bank assumes no liability hereunder except for its own negligence or willful misconduct, or that of its officers, agents, representatives or employees, in carrying out the provisions of this Agreement.

15. Farmers Home shall indemnify and hold the Bank harmless from and against all loss, cost, damage and expense, including counsel fees, arising out of, or in connection with, this Agreement or any action taken by the Bank pursuant hereto, as well as the cost and expense of defending against any claim of liability in respect of such Agreement or action, unless due to the Bank's negligence.

16. Farmers Home will reimburse the Bank for all expenses properly incurred by it on account of, or arising out of, this Agreement, and for services rendered hereunder, reimbursement for such expenses to be determined in accordance with customary procedures for determining reimbursable expenses with respect to its functions as fiscal agent of the United States. Statements of such expenses and

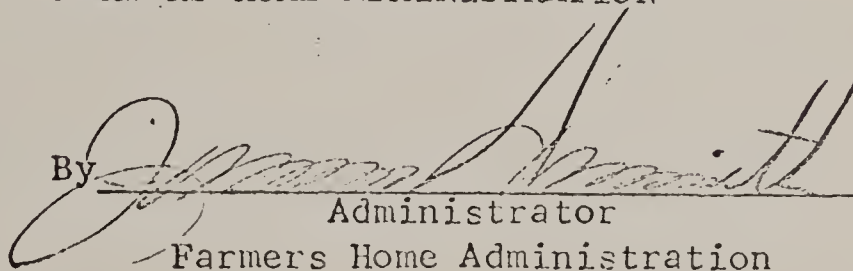
for such services will be rendered by the Bank, preferably monthly, by vouchers submitted to Farmers Home at its principal office in Washington, D.C. or as Farmers Home may otherwise reasonably request.

17. Either Farmers Home or the Bank may terminate this Agreement by giving not less than thirty (30) days' written notice to the other party. In the event of such termination, the Bank shall transfer, deliver and pay over to or upon the order of Farmers Home all moneys, securities and other property on deposit with the Bank in respect of the Contracts and such books and records as may be reasonably necessary for any successor fiscal agent to carry on its duties as such.

IN WITNESS WHEREOF, the Bank and Farmers Home by their duly authorized officers have executed this Agreement as of the day and year first above written.

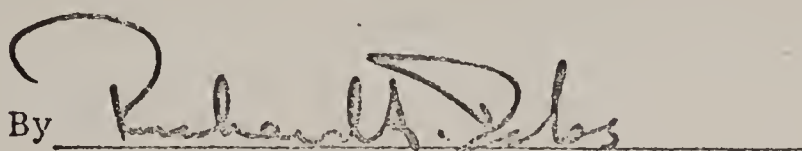
DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

By


Administrator
Farmers Home Administration

FEDERAL RESERVE BANK OF NEW YORK

By


Vice President

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
WASHINGTON, D.C. 20250

OFFICE OF THE ADMINISTRATOR

December 11, 1970

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Attention: Mr. Richard A. Debs
Vice President

Gentlemen:

Pursuant to paragraph 4 of the Fiscal Agency Agreement between the Department of Agriculture, Farmers Home Administration, and the Federal Reserve Bank of New York, you are hereby authorized and requested to deliver on December 22, 1970, for the Farmers Home Administration, Insurance Contracts dated December 22, 1970, in the aggregate amount of \$300,086,379.86, such Contracts to be designated Series D, due November 30, 1980.

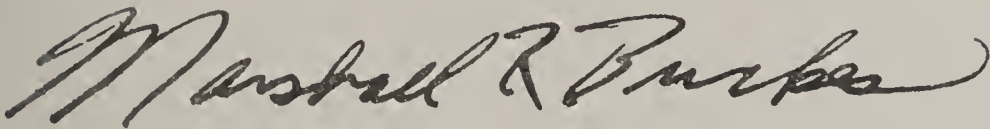
The Insurance Contracts are to be delivered to or upon the order of the representatives of Salomon Brothers, against payment in Federal funds, in accordance with the registration instructions given to you by Salomon Brothers on behalf of the underwriters.

You are requested to deposit, using Certificate of Deposit, Standard Form 219, the total net proceeds of the sale in the amount of \$292,735,991.15 (\$6 million having previously been paid) for credit to the account of the Farmers Home Administration with the Treasurer of the United States under Accounting Station Symbol 12-20-0408, and to advise the General Accounts Division of the Treasury Department by telegram of the amount of such deposit. Telegraphic advice together with copies of the Certificate of Deposit should be forwarded to the Farmers Home Administration.

On all Insurance Contracts to be delivered on December 22, 1970, and on any new Insurance Contracts to be issued for assignments made on or before January 31, 1971, please make the following

change in the printed language: On the right front side, in the sixth line of paragraph 2 (B), delete the words "as of the preceding January 31". This modification is the same as the one which was discussed in my letter dated August 4, 1970, addressed to your Mr. A. J. Stanton, Manager, Security Custody Department, in connection with the sale of \$300,099,182 of Farmers Home insured notes closed on August 20, 1970.

Sincerely,

A handwritten signature in cursive script, reading "Marshall R. Burkes". The signature is fluid and elegant, with a large initial 'M' and a long, sweeping underline.

MARSHALL R. BURKES
Assistant Administrator -
Insured Note Marketing

Series (11) No. 1

Total Annual Interest Payable January 31

Interest accrues (See Paragraph

1. (A) IDENTIFICATION NOTES, BONDS, OR ASSI SCHEDULE ATTACHED HE OF THE UNITED STATES UNITED STATES DEPAI THE DATE OF THIS INST

THE ADDITIONAL NOTES UNDER AND PURSUANT H

HEREIN CALLED THE "H (B) NOTES HELD MERCANTILE TRU HEREIN CALLED THE "C

NOTES BY THE UNDER PRINCIPAL OF FARMERS

PURSUANT TO A PURCH SUCH UNDERWRITERS CUSTODIAN AS BAILEE EXECUTED BY THE CUS THE HOLDER HEREBY I AND HEREBY AGREES T AND PARAGRAPH 6 HERI DAILMENT AGREEMENT. DIAN ASSUMES FULL R 2. (A) PAYMENTS TO PAYMENTS REQUIRED I OF THIS INSTRUMENT.

Instructions for Completing Insurance Contracts

- (1) D
- (2) Number of the Contract - (the Contracts are to be numbered consecutively from 1 to 600)
- (3) 7
- (4) Dollar Amount of the Contract
- (5) November 30, 1980
- (6) Dollar Amount of the Contract - (same figure as (4) above)
- (7) \$300,086,379.86
- (8) December 9, 1970
- (9) 1971
- (10) Seven
- (11) 7
- (12) Delete the words "as of the preceding January 31"
- (13) Date of Closing, which will be December 22, 1970 (unless closing is postponed)
- (14) November 30, 1980

tion—) and 6) 7) 13)

THE HOLDER. AS IN JANUARY 31 OF TALLMENTS WHICH THIS INSTRUMENT, E THE ADDITIONAL THE HOLDER WILL DER WILL BE COM.

O THE PAYMENTS , THE GOVERNMENT E HOLDER'S TOTAL

PRINCIPAL BALANCE REQUIRED TO BE TIMES AND IN THE NTS DESCRIBED IN

INSURED BY THE STALLMENTS WHICH ENT IN THE APPLIC. SHALL APPLY SUCH INSURED NOTES FOR NAL NOTES, HEREIN HAS TAKEN ACTUAL AGRAPH 7 HEREOF). LE MAILED TO THE PROVIDED IN SUBPAR. LPHABETICAL ORDER ; REMAIN AFTER THE WHOLE ADDITIONAL

ns there place.

MINISTRATION

Secretary

Series

(11) No. (12)

UNITED STATES DEPARTMENT OF AGRICULTURE

\$

(4)

(Subject to Reduction—

See Paragraphs 2(C) and 6)

Total Annual Interest of (3) %

Payable January 31 on Unpaid Principal

Interest accrues from Date hereof

(See Paragraphs 2(A) and 2(B))

FARMERS HOME ADMINISTRATION

FARMERS HOME INSURED NOTES

INSURANCE CONTRACT

Payable to Holder

(See Paragraph 3)

1. (A) IDENTIFICATION OF NOTES.—THIS INSURANCE CONTRACT RELATES TO THE PROMISSORY NOTES, BONDS, OR ASSUMPTION AGREEMENTS, HEREIN CALLED THE "NOTES", DESCRIBED ON THE SCHEDULE ATTACHED HERETO, WHICH NOTES ARE MADE PAYABLE TO OR ENDORSED TO THE ORDER OF THE UNITED STATES OF AMERICA, ACTING THROUGH THE FARMERS HOME ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE, HEREIN CALLED THE "GOVERNMENT". AS OF THE DATE OF THIS INSTRUMENT, THE AGGREGATE SUM OF UNPAID PRINCIPAL OF THE NOTES IS \$ (6) , ALL OF WHICH NOTES ARE OWNED AND HELD (TOGETHER WITH THE ADDITIONAL NOTES DESCRIBED IN SUBPARAGRAPH 2 (C) AND PARAGRAPH 6 HEREOF TO BE HELD UNDER AND PURSUANT HERETO) BY

IS ENTITLED SHALL BE MADE TO THE GOVERNMENT AS COLLECTION AGENT FOR THE HOLDER. AS COLLECTION AGENT OR INSURER, THE GOVERNMENT SHALL REMIT TO THE HOLDER ON JANUARY 31 OF EACH YEAR, BEGINNING ON JANUARY 31, (19) , THE INTEREST PORTIONS OF THE INSTALLMENTS WHICH ARE DUE AND OWING TO THE HOLDER AS OF JANUARY 1 OF EACH YEAR. AS USED IN THIS INSTRUMENT, THE TERMS "INTEREST PORTIONS" AND "INTEREST" SHALL BE CONSTRUED TO INCLUDE THE ADDITIONAL PAYMENTS REQUIRED BY SUBPARAGRAPH (D) OF THIS PARAGRAPH 2. PAYMENTS TO THE HOLDER WILL BE MADE BY UNITED STATES TREASURY CHECKS, AND INTEREST PAID TO THE HOLDER WILL BE COM-PUTED TO THE APPLICABLE JANUARY 31.

(B) ADDITIONAL PAYMENTS AND YIELD TO HOLDER.—IN ADDITION TO THE PAYMENTS REQUIRED BY EACH NOTE AND ADDITIONAL NOTE TO WHICH THE HOLDER IS ENTITLED, THE GOVERNMENT SHALL MAKE PAYMENTS TO THE HOLDER IN AN AMOUNT SUFFICIENT TO CAUSE THE HOLDERS TOTAL YIELD ON EACH NOTE AND ADDITIONAL NOTE TO BE EQUAL TO (110)

PERCENT (111) % PER ANNUM OF THE UNPAID PRINCIPAL BALANCE THEREOF AS REFLECTED IN THE SCHEDULE AS OF THE PRECEDING JANUARY 31 REQUIRED TO BE ATTACHED HERETO. SUCH ADDITIONAL PAYMENTS SHALL BE MADE AT THE SAME TIMES AND IN THE SAME MANNER AS THE PAYMENTS OF THE INTEREST PORTIONS OF THE INSTALLMENTS DESCRIBED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH 2.

(C) PURCHASE OF ADDITIONAL NOTES.—SO LONG AS THE NOTES ARE INSURED BY THE GOVERNMENT UNDER THIS INSTRUMENT, THE PRINCIPAL PORTIONS OF THE INSTALLMENTS WHICH BECOME DUE AND PAYABLE TO THE HOLDER SHALL BE RETAINED BY THE GOVERNMENT IN THE APPLICABLE INSURANCE FUND FOR THE HOLDER'S ACCOUNT, AND THE GOVERNMENT SHALL APPLY SUCH SUMS TOWARD THE PURCHASE OF ADDITIONAL FARMERS HOME ADMINISTRATION INSURED NOTES FOR AND ON BEHALF OF THE HOLDER. THE GOVERNMENT WILL DELIVER SUCH ADDITIONAL NOTES, HEREIN CALLED "ADDITIONAL NOTES", TO THE CUSTODIAN (OR TO THE HOLDER IF HE HAS TAKEN ACTUAL PHYSICAL POSSESSION OF THE NOTES AND ADDITIONAL NOTES PURSUANT TO PARAGRAPH 7 HEREOF). A DESCRIPTION OF SUCH ADDITIONAL NOTES WILL BE INCLUDED IN A SCHEDULE MAILED TO THE HOLDER CONCURRENTLY WITH THE TREASURY CHECK SENT TO THE HOLDER AS PROVIDED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH 2. SUCH SCHEDULE(S) WILL BE MARKED IN ALPHABETICAL ORDER AND WILL BE ATTACHED HERETO WHEN RECEIVED BY THE HOLDER. IF ANY FUNDS REMAIN AFTER THE PRINCIPAL PAYMENTS ARE APPLIED TOWARD THE PURCHASE OF ONE OR MORE WHOLE ADDITIONAL

This contract is continued on the reverse hereof and the additional provisions there set forth shall for all purposes have the same effect as if set forth at this place.

U. S. DEPARTMENT OF AGRICULTURE—FARMERS HOME ADMINISTRATION

BY

Elbert M. Hurdin

SECRETARY

HEREIN CALLED THE "HOLDER".
(B) NOTES HELD BY CUSTODIAN.—ACTUAL POSSESSION OF THE NOTES IS HELD BY MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION, ST. LOUIS, MISSOURI, HEREIN CALLED THE "CUSTODIAN", WHICH BANK HAS BEEN DESIGNATED TO RETAIN CUSTODY OF THE NOTES BY THE UNDERWRITERS OF THE \$ (17) AGGREGATE UNPAID PRINCIPAL OF FARMERS HOME ADMINISTRATION INSURED NOTES PURCHASED FROM THE GOVERNMENT PURSUANT TO A PURCHASE AGREEMENT DATED (18) , BETWEEN SUCH UNDERWRITERS AND THE GOVERNMENT. POSSESSION OF THE NOTES IS TO BE HELD BY THE CUSTODIAN AS BAILEE FOR THE HOLDER PURSUANT TO THE PROVISIONS OF A BAILEMENT AGREEMENT EXECUTED BY THE CUSTODIAN AS OF THE DATE HEREOF. BY THE ACCEPTANCE OF THIS INSTRUMENT THE HOLDER HEREBY RATIFIES AND CONFIRMS THE APPOINTMENT OF THE ABOVE-NAMED CUSTODIAN AND HEREBY AGREES THAT THE NOTES AND THE ADDITIONAL NOTES DESCRIBED IN SUBPARAGRAPH 2 (C) AND PARAGRAPH 6 HEREOF MAY BE HELD AND DEALT WITH IN ACCORDANCE WITH THE PROVISIONS OF SAID BAILEMENT AGREEMENT. SAID BAILEMENT AGREEMENT PROVIDES, AMONG OTHER THINGS, THAT THE CUSTODIAN ASSUMES FULL RESPONSIBILITY AND RISK FOR ALL NOTES DEPOSITED WITH AND RETAINED BY IT.
2. (A) PAYMENTS TO HOLDER.—THE HOLDER SHALL BE ENTITLED TO ALL PRINCIPAL AND INTEREST PAYMENTS REQUIRED BY THE NOTES, INCLUDING INTEREST ACCRUED FROM BUT NOT BEFORE THE DATE OF THIS INSTRUMENT. ALL PAYMENTS MADE BY OR ON BEHALF OF THE BORROWER TO WHICH THE HOLDER

DATE

(13)

PROVIDED IN SUBPARAGRAPH 2. ALL ADDITIONAL NOTES WILL BE COVERED BY THIS INSURANCE CONTRACT AS OF THE DATE THEY ARE PURCHASED BY THE GOVERNMENT FOR AND ON BEHALF OF THE HOLDER, AND PAYMENT OF THE DEBTS EVIDENCED THEREBY SHALL BE FULLY INSURED HEREUNDER TO THE SAME EXTENT AND SUBJECT TO THE SAME INSURANCE CONDITIONS AS THE DEBTS EVIDENCED BY THE NOTES, AND THE GOVERNMENT'S INSURANCE OBLIGATION AND ITS OBLIGATIONS TO MAKE PAYMENTS PURSUANT TO THIS PARAGRAPH 2 AND PARAGRAPH 3 HEREOF SHALL BE SECURED TO THE SAME EXTENT, AS PROVIDED IN PARAGRAPHS 4 AND 5 HEREOF. PRINCIPAL PAYMENTS ON ADDITIONAL NOTES SHALL ALSO BE RETAINED BY THE GOVERNMENT AND SIMILARLY USED BY THE GOVERNMENT TO PURCHASE FURTHER WHOLE ADDITIONAL NOTES FOR THE HOLDER, WHICH SHALL BE CONSIDERED AS "ADDITIONAL NOTES" AS SUCH TERM IS USED HEREIN. IT IS THE PURPOSE AND INTENT OF THIS PROVISION THAT ALL PRINCIPAL PAYMENTS RETAINED BY THE GOVERNMENT FOR THE HOLDER'S ACCOUNT SHALL BE USED BY THE GOVERNMENT TO PURCHASE WHOLE ADDITIONAL NOTES, WITH THE RESULT THAT THE AGGREGATE SUM OF THE OUTSTANDING PRINCIPAL BALANCES OF THE NOTES AND THE OUTSTANDING PRINCIPAL BALANCES OF THE ADDITIONAL NOTES SHALL AT ALL TIMES REMAIN AS NEAR AS PRACTICABLE TO THE AMOUNT SPECIFIED IN SUBPARAGRAPH 1 (A) HEREOF. THE GOVERNMENT WILL MAKE EVERY REASONABLE EFFORT TO ASSURE THAT THIS PURPOSE AND INTENT ARE ACHIEVED. IN THE EVENT ADDITIONAL NOTES SHOULD NOT BE AVAILABLE IN EITHER INSURANCE FUND FOR PURCHASE BY THE GOVERNMENT ON BEHALF OF THE HOLDER, THE GOVERNMENT WILL REMIT THE PRINCIPAL PAYMENTS, WITH INTEREST COMPUTED TO THE APPLICABLE JANUARY 31, TO THE HOLDER ALONG WITH THE INTEREST PORTIONS OF THE INSTALLMENTS AS PROVIDED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH 2.

3. REPURCHASE AGREEMENT.—THE GOVERNMENT HEREBY AGREES TO REPURCHASE THE NOTES AND ADDITIONAL NOTES FROM THE HOLDER ON _____, AND BY THE ACCEPTANCE OF THIS INSTRUMENT THE HOLDER HEREBY AGREES TO ASSIGN THE NOTES AND ADDITIONAL NOTES TO THE GOVERNMENT ON THAT DATE. UPON SUCH ASSIGNMENT AND SURRENDER OF THIS INSTRUMENT AT THE FEDERAL RESERVE BANK OF NEW YORK OR AT SUCH OTHER PLACE AS THE GOVERNMENT MAY DESIGNATE, THE GOVERNMENT SHALL PAY THE HOLDER BY TREASURY CHECK THE ENTIRE AMOUNT OF PRINCIPAL AND INTEREST THEN OWED THE HOLDER BY TREASURY CHECK THE REPURCHASE DATE. IF THE HOLDER HAS TAKEN ACTUAL PHYSICAL POSSESSION OF THE NOTES AND ADDITIONAL NOTES PURSUANT TO PARAGRAPH 7 HEREOF, SUCH NOTES AND ADDITIONAL NOTES SHALL BE SURRENDERED WITH THIS INSTRUMENT. THE GOVERNMENT SHALL HAVE NO OBLIGATION TO MAKE ANY PAYMENTS OF INTEREST ACCRUED AFTER SUCH REPURCHASE DATE.

4. INSURANCE OF DEBTS.—PAYMENT OF THE DEBTS EVIDENCED BY THE NOTES IS HEREBY FULLY INSURED BY THE GOVERNMENT AS OF THE DATE OF EXECUTION HEREOF, PURSUANT TO THE PROVISIONS OF THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961 OR TITLE V OF THE HOUSING ACT OF 1949, SUBJECT TO THE PROVISIONS THEREOF AND THE REGULATIONS OF THE FARMERS HOME ADMINISTRATION, INCLUDING ITS FUTURE REGULATIONS NOT INCONSISTENT WITH THE EXPRESS PROVISIONS OF THIS INSTRUMENT, AND SUBJECT TO THE PROVISIONS OF THE NOTES NOT INCONSISTENT WITH THE PROVISIONS OF THIS INSTRUMENT, AND SUBJECT FURTHER TO ALL THE PROVISIONS OF THIS INSTRUMENT, TO WHICH THE HOLDER AGREES BY THE ACCEPTANCE OF IT.

5. INSURANCE FUND AND SECURITY.—THE GOVERNMENT'S INSURANCE OBLIGATION AND ITS OBLIGATIONS AS COLLECTION AGENT OR INSURER TO MAKE PAYMENTS TO THE HOLDER AS REQUIRED IN PARAGRAPHS 2 AND 3 HEREOF ARE SECURED BY THE APPLICABLE INSURANCE FUND AND BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA PURSUANT TO SAID APPLICABLE STATUTE. THE HOLDER AGREES TO FOREGO ALL RIGHTS AND REMEDIES AGAINST THE MAKERS OF THE NOTES (BORROWERS) AND ANY OTHERS IN CONNECTION WITH THE LOANS EVIDENCED THEREBY, TO FOREGO ANY BENEFITS OF ANY RELATED SECURITY, AND TO ACCEPT THE BENEFITS OF THIS INSURANCE CONTRACT IN LIEU THEREOF.

6. GOVERNMENT'S RIGHT TO ASSIGNMENT.—BY THE ACCEPTANCE OF THIS INSTRUMENT, THE HOLDER HEREBY AGREES THAT IN THE EVENT A NOTE OR ADDITIONAL NOTE IS PAID IN FULL OR THE GOVERNMENT DETERMINES THAT THE ASSIGNMENT OF A PARTICULAR NOTE OR ADDITIONAL NOTE IS NECESSARY IN CONNECTION WITH THE SERVICING OR LIQUIDATION OF THE BORROWER'S ACCOUNT OR THE RELATED SECURITY, THE CUSTODIAN MAY DELIVER SUCH NOTE OR ADDITIONAL NOTE TO THE GOVERNMENT, OR IF THE HOLDER HAS TAKEN ACTUAL PHYSICAL POSSESSION OF THE NOTE OR ADDITIONAL NOTE PURSUANT TO PARAGRAPH 7 HEREOF, HE WILL DELIVER IT TO THE GOVERNMENT UPON REQUEST. DELIVERY OF THE NOTE OR ADDITIONAL NOTE TO THE GOVERNMENT SHALL CONSTITUTE AN ASSIGNMENT THEREOF TO THE GOVERNMENT, AND THE GOVERNMENT WILL SUBSTITUTE THEREFOR AND DELIVER TO THE CUSTODIAN (OR TO THE HOLDER IF HE HAS TAKEN ACTUAL PHYSICAL POSSESSION OF THE NOTES AND ADDITIONAL NOTES) ANOTHER NOTE OF APPROXIMATELY THE SAME VALUE (PRINCIPAL

REMIT THE DIFFERENCE, WITH INTEREST COMPUTED TO THE APPLICABLE JANUARY 31, TO THE HOLDER ANNUALLY ALONG WITH THE INTEREST PORTIONS OF THE INSTALLMENTS AS PROVIDED IN SUBPARAGRAPH 2 (A) HEREOF. THE SUBSTITUTE NOTE SHALL BE CONSIDERED AS AN "ADDITIONAL NOTE" AS SUCH TERM IS USED HEREIN. THE SCHEDULE FURNISHED THE HOLDER ANNUALLY PURSUANT TO SUBPARAGRAPH 2 (C) HEREOF WILL INCLUDE THE SUBSTITUTE NOTE(S). IN THE EVENT A SUBSTITUTE NOTE SHOULD NOT BE AVAILABLE TO REPLACE THE ASSIGNED NOTE, THE GOVERNMENT SHALL PAY THE HOLDER BY TREASURY CHECK THE VALUE OF THE ASSIGNED NOTE WITH INTEREST COMPUTED TO THE APPLICABLE JANUARY 31.

7. HOLDER'S RIGHT OF POSSESSION.—AGREEMENT AS TO PAYEE.—THE HOLDER SHALL BE ENTITLED TO POSSESSION OF THE NOTES AND ADDITIONAL NOTES AT ALL TIMES, AND HE SHALL HAVE THE RIGHT AT ANY TIME TO OBTAIN ACTUAL PHYSICAL POSSESSION THEREOF BY MAKING A WRITTEN REQUEST TO THE CUSTODIAN NAMED IN SUBPARAGRAPH 1 (B) HEREOF, ACCOMPANIED BY THIS INSTRUMENT; PROVIDED, HOWEVER, THAT IN ORDER TO AVOID THE NECESSITY OF ENDORSEMENT OF THE NOTES AND ADDITIONAL NOTES EACH TIME THEY ARE SOLD OR ASSIGNED, IT IS AGREED THAT THEY WILL REMAIN PAYABLE TO THE ORDER OF THE GOVERNMENT SO LONG AS THEY REMAIN INSURED BY THE GOVERNMENT.

8. RESALE OF NOTES.—ANY HOLDER MAY SELL ALL OF THE NOTES AND ADDITIONAL NOTES AT ANY TIME WITH THE BENEFITS OF THIS INSURANCE CONTRACT BY ASSIGNING ALL RIGHT, TITLE, AND INTEREST IN THIS INSTRUMENT AND THE NOTES AND ADDITIONAL NOTES TO THE PURCHASER AND FORWARDING THIS INSTRUMENT (WITH THE EXECUTED ASSIGNMENT AND THE APPROPRIATE ATTACHED SCHEDULE) TO THE FEDERAL RESERVE BANK OF NEW YORK, OR SUCH OTHER PLACE AS THE GOVERNMENT MAY DESIGNATE. UPON RECEIPT THEREOF, THE FEDERAL RESERVE BANK OF NEW YORK WILL REGISTER THE TRANSFER ON ITS RECORDS AND THE PURCHASER WILL THEREAFTER RECEIVE A NEW INSURANCE CONTRACT EXECUTED BY THE GOVERNMENT. NO SALE SHALL BE BINDING ON THE GOVERNMENT UNLESS AND UNTIL THE TRANSFER IS REGISTERED AS PROVIDED IN THIS PARAGRAPH 8.

(Use the Assignment form set forth below)

ASSIGNMENT

FOR VALUE RECEIVED, THE UNDERSIGNED DOES HEREBY SELL, ASSIGN, AND TRANSFER UNTO

(NAME AND ADDRESS OF TRANSFEREE)

ALL ITS RIGHT, TITLE AND INTEREST IN AND TO THE WITHIN INSTRUMENT AND THE NOTES AND ADDITIONAL NOTES COVERED THEREBY.

(NAME OF TRANSFEROR)

(DATE)

BY

(SIGNATURE)

PERSONALLY APPEARED BEFORE ME THE ABOVE NAMED PERSON, WHOSE IDENTITY IS WELL KNOWN OR PROVED TO ME, AND SIGNED THE ABOVE ASSIGNMENT, ACKNOWLEDGING IT TO BE HIS FREE ACT AND DEED. WITNESS MY HAND, OFFICIAL DESIGNATION, AND SEAL.

(SIGNATURE OF WITNESSING OFFICER)

(OFFICIAL DESIGNATION)

SEAL . . . DATED AT

CLOSING MEMORANDUM

UNITED STATES DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

\$300,086,379.86

Farmers Home Insured Notes

December 22, 1970

I

Definition of Certain Terms

As used herein the following terms have the following meaning:

Bailment Agreement	Agreement dated December 22, 1970 executed by Mercantile Trust Company National Association, St. Louis, Missouri, as Custodian of the Notes purchased by the Underwriters.
Contracts	Insurance Contracts representing blocks of Notes purchased by the Underwriters.
Custodian	Mercantile Trust Company National Association, as Custodian of the Notes under the terms of the Bailment Agreement.
FHDA	Farmers Home Administration, an agency of the United States Department of Agriculture.
MHTC	Manufacturers Hanover Trust Company, as paying agent for the Underwriters.
FRBNY	Federal Reserve Bank of New York, as fiscal agent for FHDA.
Notes	\$300,086,379.86 aggregate unpaid principal amount of FHDA Insured Notes sold by FHDA to the Underwriters pursuant to the Purchase Agreement.
Prospectus	Prospectus relating to the offering of the Notes in preliminary or final form as indicated herein.
Purchase Agreement	The Purchase Agreement dated December 9, 1970 between the Representatives and FHDA pursuant to which the Notes were sold by FHDA to the Underwriters.

Representatives

Salomon Brothers, A. G. Becker & Co. Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated and The First Boston Corporation, as Representatives of the several Underwriters.

Underwriters

The several Underwriters named in Schedule A to the Purchase Agreement.

II

Summary of Action Taken Prior to Closing

A. On November 25, 1970 a Preliminary Prospectus was distributed to prospective Underwriters together with proofs of the following documents: (1) Agreement Among Underwriters; (2) Purchase Agreement; (3) Insurance Contract; (4) Bailment Agreement; (5) Selected Dealers Agreement; (6) Preliminary Blue Sky Survey and (7) Legal Investment Survey.

B. On December 4, 1970 the Underwriters were advised to make a good faith deposit with FHDA by December 9, 1970 in an amount computed pursuant to Section 2 of the Agreement Among Underwriters; such deposits amounting in the aggregate to \$6,000,000.

C. On December 9, 1970 (i) the Agreement Among Underwriters was signed and delivered by each of the Underwriters; (ii) the Purchase Agreement was executed and delivered by FHDA and the Representatives and, concurrently with the execution and delivery thereof, the Representatives deposited with FHDA Federal Funds in the aggregate amount set forth in B above; (iii) the

Prospectus was executed by FHDA and delivered to the Representatives; and (iv) the public offering of the Notes was commenced.

D. On December 10, 1970 the first public advertisement of the offering appeared.

E. On or about December 10, 1970 FHDA made the Notes available for inspection by the Custodian.

F. On or before 10:00 A.M. December 15, 1970, (i) the Underwriters notified FHDA through MHTC in writing of the names in which the Contracts were to be delivered at the Closing; and (ii) FRBNY was notified by the Underwriters through MHTC as to the Contracts to be shipped on the date of Closing and furnished the necessary registration information.

G. On December 21, 1970 the Contracts to be delivered at the Closing were examined by the Representatives through MHTC at the office of FRBNY and packaged for delivery.

III

Documents Delivered to the Representatives Prior to the Closing

A. Executed copies of the Prospectus.

B. Executed copies of the Purchase Agreement.

IV

Documents Furnished to Counsel for the Underwriters for Inspection Prior to the Closing

- A. Copy of opinion of the Attorney General of the United States dated December 29, 1969.
- B. Copy of letter from the Acting Comptroller of the Currency dated December 30, 1970.
- C. Copy of letter from the Division of Corporation Finance, Securities and Exchange Commission, dated January 14, 1970.
- D. Letter from the Secretary of the Treasury to the Secretary of Agriculture dated August 10, 1970 and copy of request therefor.
- E. Letter, dated December 8, 1970, confirming concurrence by the Treasury in the terms of the offering.

V

The Closing

- A. The Closing was held at 9:30 A.M., New York City Time, on December 22, 1970 at the office of FRBNY. All transactions at the Closing were deemed to have taken place simultaneously, and no transaction at the Closing was deemed to have been completed and no document delivered until all transactions at

the Closing were completed and all documents delivered at the Closing were delivered.

B. A representative of FRBNY at the Closing delivered the Bailment Agreement on behalf of the Custodian upon receipt of advice from the Custodian that the Notes had been delivered to the Custodian by FHDA.

C. The persons present at the Closing are named in Schedule A hereto.

D. At the Closing, FHDA delivered the following documents to the Representatives:

1. Certificate dated December 22, 1970 as to the incumbency and signature of certain representatives of FHDA.
2. Certificate dated December 22, 1970 pursuant to Section 7(e) of the Purchase Agreement.
3. Specimen Contract certified to be a true and correct specimen.
4. Certified copies of the Consolidated Farmers Home Administration Act of 1961 and Title V of the Housing Act of 1949 as in effect at the date of Closing.

E. FHDA delivered to the Representatives two signed and 75 reproduced copies of the opinion of the General Counsel or Acting or Deputy General Counsel, U. S. Department of Agriculture,

dated December 22, 1970, pursuant to Section 7(b) of the Purchase Agreement.

F. Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters, delivered to the Representatives one signed and 75 reproduced copies of their opinion, dated December 22, 1970, pursuant to Section 7(d) of the Purchase Agreement.

G. MHTC delivered a letter authorizing and instructing FRBNY to charge its account and credit to the account of FHDA Federal Funds in the amount of \$292,735,991.15, being payment of the balance of the purchase price for the Notes (after giving effect to the deposit of \$6,000,000 previously made) and a receipted copy of such letter was returned to MHTC. [Exhibit A hereto.]

H. FRBNY delivered to FHDA a certificate of deposit to FHDA's account in the amount of \$292,735,991.15.

I. FRBNY delivered to MHTC 600 Contracts representing the Notes being purchased by the Underwriters pursuant to the Purchase Agreement and MHTC delivered its receipt therefor. [Exhibit B hereto.]

J. MHTC delivered to the Representatives a letter acknowledging receipt, for the account of the Underwriters, of 600

Contracts against payment to FHDA of \$292,735,991.15, being the purchase price for the Notes less the deposit referred to above. [Exhibit C hereto.]

K. FHDA delivered to the Representative four copies of a receipt signed by FHDA to acknowledge receipt of the purchase price for the Notes. [Exhibit D hereto.]

SCHEDULE A

Persons present at the Closing:

Farmers Home Administration:

Dr. Marshall Burkes

Office of General Counsel - USDA:

Albert H. Seigel, Esq.

Federal Reserve Bank of New York:

Martin French

Mary Rodgers

Kevin Weidling

Salomon Brothers:

William Brachfeld

John Black

Manufacturers Hanover Trust Company:

Louis Musanti

Brown, Wood, Fuller, Caldwell & Ivey:

J. Courtney Ivey

John A. Quisenberry

Kenneth T. Cote

[MHTC Letterhead]

December 22, 1970

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Dear Sirs:

We hereby irrevocably authorize you to charge our account for \$292,735,991.15 and immediately credit such amount to the United States Department of Agriculture, Farmers Home Administration.

This transfer pertains to the sale by the Farmers Home Administration to a group of Underwriters of Farmers Home Insured Notes having aggregate unpaid principal balances of \$300,086,372.86, the closing for which transaction will occur at your office on December 22, 1970, at 9:30 A.M., New York City Time.

Very truly yours,

Received for Federal Reserve Bank
of New York

By _____

[MHTC Letterhead]

December 22, 1970

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Dear Sirs:

We hereby acknowledge receipt from you of 600 Insurance Contracts representing Farmers Home Insured Notes having aggregate unpaid principal balances of \$300,086,379.86. Such Insurance Contracts are received by us for the account of the Underwriters set forth in Schedule A to the Purchase Agreement dated December 9, 1970 between such Underwriters and the Farmers Home Administration of the United States Department of Agriculture.

Very truly yours,

[MHTC Letterhead]

December 22, 1970

Salomon Brothers
A. G. Becker & Co. Incorporated
Merrill Lynch, Pierce, Fenner & Smith Incorporated
The First Boston Corporation
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

This is to advise you that we received from the Federal Reserve Bank of New York 600 Insurance Contracts representing \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes against payment to the Federal Reserve Bank of New York for the account of the Farmers Home Administration of the United States Department of Agriculture of \$292,735,991.15 in Federal Funds, representing the aggregate purchase price of \$298,735,991.15 less the \$6,000,000 deposited by the Underwriters with said Farmers Home Administration on December 9, 1970. The above Insurance Contracts were received by us for the account of the Underwriters set forth in Schedule A to the Purchase Agreement dated December 9, 1970 between such Underwriters, for whom you are acting as Representatives, and said Farmers Home Administration.

Very truly yours,

RECEIPT

December 22, 1970

Salomon Brothers
A. G. Becker & Co. Incorporated
Merrill Lynch, Pierce, Fenner & Smith Incorporated
The First Boston Corporation
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

The undersigned, Farmers Home Administration of the United States Department of Agriculture, hereby acknowledges that the Federal Reserve Bank of New York has received from Manufacturers Hanover Trust Company for the account of the undersigned the sum of \$292,735,991.15 in Federal Funds. Such payment (after taking into account the \$6,000,000 deposited by the Underwriters with the undersigned on December 9, 1970) represents the purchase price for \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes in accordance with the Purchase Agreement, dated December 9, 1970, between the undersigned and the Underwriters named in Schedule A to such Purchase Agreement.

Very truly yours,

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

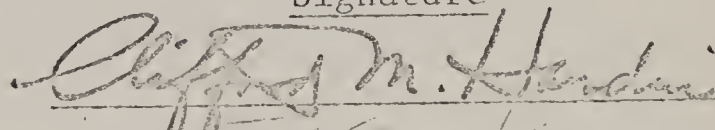
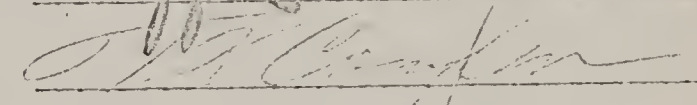
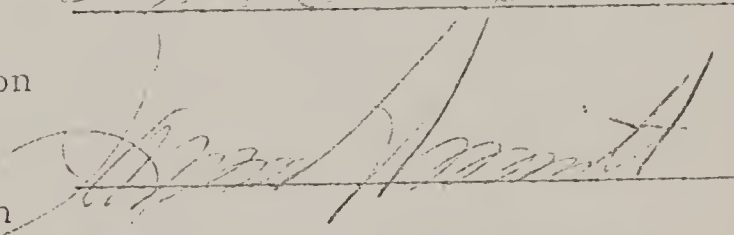
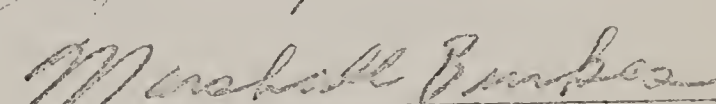

By _____

UNITED STATES DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

CERTIFICATE OF INCUMBENCY AND SIGNATURES

I, MARSHALL BURKES, Assistant Administrator (Insured Note Marketing) of the Farmers Home Administration, an agency of the United States Department of Agriculture, DO HEREBY CERTIFY that the following persons hold the office indicated opposite their names and that the signature appearing opposite each name is the genuine signature of such person.

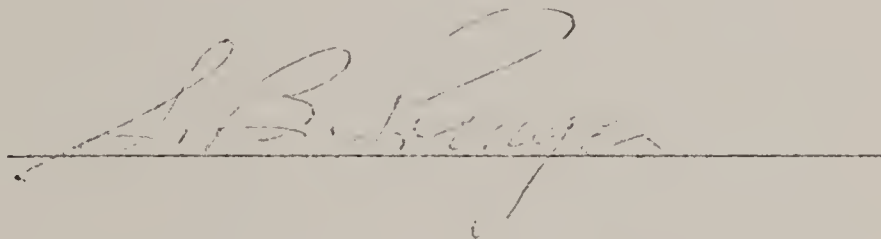
<u>Name</u>	<u>Office</u>	<u>Signature</u>
Clifford M. Hardin	Secretary of Agriculture	
J. K. Cowden	Assistant Secretary of Agriculture for Rural Development and Conservation	
James V. Smith	Administrator Farmers Home Administration	
Marshall Burkess	Assistant Administrator (Insured Note Marketing) Farmers Home Administration	
Laude T. Coffman	Deputy General Counsel U.S. Department of Agriculture	

IN WITNESS WHEREOF, I have hereunto signed my name this 22nd
day of December, 1970.



MARSHALL BURKES
Assistant Administrator
(Insured Note Marketing)
Farmers Home Administration

I, S. B. Pranger, Assistant Administrator (Management) of the Farmers Home Administration, DO HEREBY CERTIFY that Marshall Burkes is the duly appointed and acting Assistant Administrator (Insured Note Marketing) of the said Farmers Home Administration and that the signature appearing above and opposite his name on the foregoing certificate is his genuine signature.

A handwritten signature in cursive script, appearing to read "S. B. Pranger", is written over a horizontal line. The signature is fluid and somewhat stylized, with a large initial "S" and a long, sweeping underline.

Date:

December 22, 1970

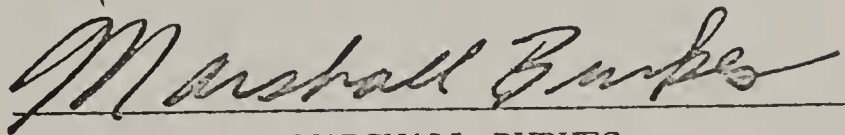
UNITED STATES DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

CERTIFICATE

I, MARSHALL BURKES, Assistant Administrator (Insured Note Marketing), Farmers Home Administration of the United States Department of Agriculture, DO HEREBY CERTIFY that the specimen Insurance Contract attached hereto is a true and correct specimen of the Insurance Contract representing blocks of Farmers Home Administration Insured Notes sold, pursuant to a Purchase Agreement dated December 9, 1970, by the Farmers Home Administration to the Underwriters named in Schedule A to such Purchase Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand this
22nd day of December, 1970.

A handwritten signature in dark ink, appearing to read "Marshall Burk", is written over a horizontal line.

MARSHALL BURKES
Assistant Administrator
(Insured Note Marketing)
Farmers Home Administration

Series _____ No. _____

Total Annual Interest of _____ %

Payable January 31 on Unpaid Principal
Interest accrues from Date hereof
(See Paragraphs 2(A) and 2(B))

UNITED STATES DEPARTMENT OF AGRICULTURE FARMERS HOME ADMINISTRATION

FARMERS HOME INSURED NOTES INSURANCE CONTRACT

\$ _____
(Subject to Reduction—
See Paragraphs 2(C) and 6)

Payable to Holder _____
(See Paragraph 3)

1. (A) IDENTIFICATION OF NOTES.—THIS INSURANCE CONTRACT RELATES TO THE PROMISSORY NOTES, BONDS, OR ASSUMPTION AGREEMENTS, HEREIN CALLED THE "NOTES", DESCRIBED ON THE SCHEDULE ATTACHED HERETO, WHICH NOTES ARE MADE PAYABLE TO OR ENDORSED TO THE ORDER OF THE UNITED STATES OF AMERICA, ACTING THROUGH THE FARMERS HOME ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE, HEREIN CALLED THE "GOVERNMENT". AS OF THE DATE OF THIS INSTRUMENT, THE AGGREGATE SUM OF UNPAID PRINCIPAL OF THE NOTES IS \$ _____, ALL OF WHICH NOTES ARE OWNED AND HELD (TOGETHER WITH THE ADDITIONAL NOTES DESCRIBED IN SUBPARAGRAPH 2 (C) AND PARAGRAPH 6 HEREOF TO BE HELD UNDER AND PURSUANT HERETO) BY _____

HEREIN CALLED THE "HOLDER".

(B) NOTES HELD BY CUSTODIAN.—ACTUAL POSSESSION OF THE NOTES IS HELD BY MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION, ST. LOUIS, MISSOURI, HEREIN CALLED THE "CUSTODIAN", WHICH BANK HAS BEEN DESIGNATED TO RETAIN CUSTODY OF THE

NOTES BY THE UNDERWRITERS OF THE \$ _____ AGGREGATE UNPAID PRINCIPAL OF FARMERS HOME ADMINISTRATION INSURED NOTES PURCHASED FROM THE GOVERNMENT

PURSUANT TO A PURCHASE AGREEMENT DATED _____, BETWEEN SUCH UNDERWRITERS AND THE GOVERNMENT. POSSESSION OF THE NOTES IS TO BE HELD BY THE CUSTODIAN AS BAILEE FOR THE HOLDER PURSUANT TO THE PROVISIONS OF A BAILMENT AGREEMENT EXECUTED BY THE CUSTODIAN AS OF THE DATE HEREOF. BY THE ACCEPTANCE OF THIS INSTRUMENT THE HOLDER HEREBY RATIFIES AND CONFIRMS THE APPOINTMENT OF THE ABOVE-NAMED CUSTODIAN AND HEREBY AGREES THAT THE NOTES AND THE ADDITIONAL NOTES DESCRIBED IN SUBPARAGRAPH 2 (C) AND PARAGRAPH 6 HEREOF MAY BE HELD AND DEALT WITH IN ACCORDANCE WITH THE PROVISIONS OF SAID BAILMENT AGREEMENT. SAID BAILMENT AGREEMENT PROVIDES, AMONG OTHER THINGS, THAT THE CUSTODIAN ASSUMES FULL RESPONSIBILITY AND RISK FOR ALL NOTES DEPOSITED WITH AND RETAINED BY IT. 2. (A) PAYMENTS TO HOLDER.—THE HOLDER SHALL BE ENTITLED TO ALL PRINCIPAL AND INTEREST PAYMENTS REQUIRED BY THE NOTES, INCLUDING INTEREST ACCRUED FROM BUT NOT BEFORE THE DATE OF THIS INSTRUMENT. ALL PAYMENTS MADE BY OR ON BEHALF OF THE BORROWER TO WHICH THE HOLDER

IS ENTITLED SHALL BE MADE TO THE GOVERNMENT AS COLLECTION AGENT FOR THE HOLDER. AS COLLECTION AGENT OR INSURER, THE GOVERNMENT SHALL REMIT TO THE HOLDER ON JANUARY 31 OF EACH YEAR, BEGINNING ON JANUARY 31, _____, THE INTEREST PORTIONS OF THE INSTALLMENTS WHICH ARE DUE AND OWING TO THE HOLDER AS OF JANUARY 1 OF EACH YEAR. AS USED IN THIS INSTRUMENT, THE TERMS "INTEREST PORTIONS" AND "INTEREST" SHALL BE CONSTRUED TO INCLUDE THE ADDITIONAL PAYMENTS REQUIRED BY SUBPARAGRAPH (B) OF THIS PARAGRAPH 2. PAYMENTS TO THE HOLDER WILL BE MADE BY UNITED STATES TREASURY CHECKS, AND INTEREST PAID TO THE HOLDER WILL BE COM-PUTED TO THE APPLICABLE JANUARY 31. (B) ADDITIONAL PAYMENTS AND YIELD TO HOLDER.—IN ADDITION TO THE PAYMENTS REQUIRED BY EACH NOTE AND ADDITIONAL NOTE TO WHICH THE HOLDER IS ENTITLED, THE GOVERNMENT SHALL MAKE PAYMENTS TO THE HOLDER IN AN AMOUNT SUFFICIENT TO CAUSE THE HOLDER'S TOTAL YIELD ON EACH NOTE AND ADDITIONAL NOTE TO BE EQUAL TO _____

PERCENT (_____ %) PER ANNUM OF THE UNPAID PRINCIPAL BALANCE THEREOF AS REFLECTED IN THE SCHEDULE _____ REQUIRED TO BE ATTACHED HERETO. SUCH ADDITIONAL PAYMENTS SHALL BE MADE AT THE SAME TIMES AND IN THE SAME MANNER AS THE PAYMENTS OF THE INTEREST PORTIONS OF THE INSTALLMENTS DESCRIBED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH 2.

(C) PURCHASE OF ADDITIONAL NOTES.—SO LONG AS THE NOTES ARE INSURED BY THE GOVERNMENT UNDER THIS INSTRUMENT, THE PRINCIPAL PORTIONS OF THE INSTALLMENTS WHICH BECOME DUE AND PAYABLE TO THE HOLDER SHALL BE RETAINED BY THE GOVERNMENT IN THE APPLICABLE INSURANCE FUND FOR THE HOLDER'S ACCOUNT, AND THE GOVERNMENT SHALL APPLY SUCH SUMS TOWARD THE PURCHASE OF ADDITIONAL FARMERS HOME ADMINISTRATION INSURED NOTES FOR AND ON BEHALF OF THE HOLDER. THE GOVERNMENT WILL DELIVER SUCH ADDITIONAL NOTES, HEREIN CALLED "ADDITIONAL NOTES", TO THE CUSTODIAN (OR TO THE HOLDER IF HE HAS TAKEN ACTUAL PHYSICAL POSSESSION OF THE NOTES AND ADDITIONAL NOTES PURSUANT TO PARAGRAPH 7 HEREOF). A DESCRIPTION OF SUCH ADDITIONAL NOTES WILL BE INCLUDED IN A SCHEDULE MAILED TO THE HOLDER CONCURRENTLY WITH THE TREASURY CHECK SENT TO THE HOLDER AS PROVIDED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH 2. SUCH SCHEDULE(S) WILL BE MARKED IN ALPHABETICAL ORDER AND WILL BE ATTACHED HERETO WHEN RECEIVED BY THE HOLDER. IF ANY FUNDS REMAIN AFTER THE PRINCIPAL PAYMENTS ARE APPLIED TOWARD THE PURCHASE OF ONE OR MORE WHOLE ADDITIONAL

This contract is continued on the reverse hereof and the additional provisions there set forth shall for all purposes have the same effect as if set forth at this place.

U.S. DEPARTMENT OF AGRICULTURE—FARMERS HOME ADMINISTRATION

BY

Elmer M. Ashlin
SECRETARY

DATE _____

NOTES, SUCH EXCESS, WITH INTEREST COMPUTED TO THE APPLICABLE JANUARY 31, SHALL BE REMITTED TO THE HOLDER ANNUALLY ALONG WITH THE INTEREST PORTIONS OF THE INSTALLMENTS AS PROVIDED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH 2. ALL ADDITIONAL NOTES WILL BE COVERED BY THIS INSURANCE CONTRACT AS OF THE DATE THEY ARE PURCHASED BY THE GOVERNMENT FOR AND ON BEHALF OF THE HOLDER, AND PAYMENT OF THE DEBTS EVIDENCED THEREBY SHALL BE FULLY INSURED HEREUNDER TO THE SAME EXTENT AND SUBJECT TO THE SAME INSURANCE CONDITIONS AS THE DEBTS EVIDENCED BY THE NOTES, AND THE GOVERNMENT'S INSURANCE OBLIGATION AND ITS OBLIGATIONS TO MAKE PAYMENTS PURSUANT TO THIS PARAGRAPH 2 AND PARAGRAPH 3 HEREOF SHALL BE SECURED TO THE SAME EXTENT, AS PROVIDED IN PARAGRAPHS 4 AND 5 HEREOF. PRINCIPAL PAYMENTS ON ADDITIONAL NOTES SHALL ALSO BE RETAINED BY THE GOVERNMENT AND SIMILARLY USED BY THE GOVERNMENT TO PURCHASE FURTHER WHOLE ADDITIONAL NOTES FOR THE HOLDER, WHICH SHALL BE CONSIDERED AS "ADDITIONAL NOTES" AS SUCH TERM IS USED HEREIN. IT IS THE PURPOSE AND INTENT OF THIS PROVISION THAT ALL PRINCIPAL PAYMENTS RETAINED BY THE GOVERNMENT FOR THE HOLDER'S ACCOUNT SHALL BE USED BY THE GOVERNMENT TO PURCHASE WHOLE ADDITIONAL NOTES, WITH THE RESULT THAT THE AGGREGATE SUM OF THE OUTSTANDING PRINCIPAL BALANCES OF THE NOTES AND THE OUTSTANDING PRINCIPAL BALANCES OF THE ADDITIONAL NOTES SHALL AT ALL TIMES REMAIN AS NEAR AS PRACTICABLE TO THE AMOUNT SPECIFIED IN SUBPARAGRAPH 1 (A) HEREOF. THE GOVERNMENT WILL MAKE EVERY REASONABLE EFFORT TO ASSURE THAT THIS PURPOSE AND INTENT ARE ACHIEVED. IN THE EVENT ADDITIONAL NOTES SHOULD NOT BE AVAILABLE IN EITHER INSURANCE FUND FOR PURCHASE BY THE GOVERNMENT ON BEHALF OF THE HOLDER, THE GOVERNMENT WILL REMIT THE PRINCIPAL PAYMENTS, WITH INTEREST COMPUTED TO THE APPLICABLE JANUARY 31, TO THE HOLDER ALONG WITH THE INTEREST PORTIONS OF THE INSTALLMENTS AS PROVIDED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH 2.

3. REPURCHASE AGREEMENT.—THE GOVERNMENT HEREBY AGREES TO REPURCHASE THE NOTES AND ADDITIONAL NOTES FROM THE HOLDER ON _____, AND BY THE ACCEPTANCE OF THIS INSTRUMENT THE HOLDER HEREBY AGREES TO ASSIGN THE NOTES AND ADDITIONAL NOTES TO THE GOVERNMENT ON THAT DATE. UPON SUCH ASSIGNMENT AND SURRENDER OF THIS INSTRUMENT AT THE FEDERAL RESERVE BANK OF NEW YORK OR AT SUCH OTHER PLACE AS THE GOVERNMENT MAY DESIGNATE, THE GOVERNMENT SHALL PAY THE HOLDER BY TREASURY CHECK THE ENTIRE AMOUNT OF PRINCIPAL AND INTEREST THEN OWED THE HOLDER COMPUTED TO THE ABOVE REPURCHASE DATE. IF THE HOLDER HAS TAKEN ACTUAL PHYSICAL POSSESSION OF THE NOTES AND ADDITIONAL NOTES PURSUANT TO PARAGRAPH 7 HEREOF, SUCH NOTES AND ADDITIONAL NOTES SHALL BE SURRENDERED WITH THIS INSTRUMENT. THE GOVERNMENT SHALL HAVE NO OBLIGATION TO MAKE ANY PAYMENTS OF INTEREST ACCRUED AFTER SUCH REPURCHASE DATE.

4. INSURANCE OF DEBTS.—PAYMENT OF THE DEBTS EVIDENCED BY THE NOTES IS HEREBY FULLY INSURED BY THE GOVERNMENT AS OF THE DATE OF EXECUTION HEREOF, PURSUANT TO THE PROVISIONS OF THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961 OR TITLE V OF THE HOUSING ACT OF 1949, SUBJECT TO THE PROVISIONS THEREOF AND THE REGULATIONS OF THE FARMERS HOME ADMINISTRATION, INCLUDING ITS FUTURE REGULATIONS NOT INCONSISTENT WITH THE EXPRESS PROVISIONS OF THIS INSTRUMENT, AND SUBJECT TO THE PROVISIONS OF THE NOTES NOT INCONSISTENT WITH THE PROVISIONS OF THIS INSTRUMENT, AND SUBJECT FURTHER TO ALL THE PROVISIONS OF THIS INSTRUMENT, TO WHICH THE HOLDER AGREES BY THE ACCEPTANCE OF IT.

5. INSURANCE FUND AND SECURITY.—THE GOVERNMENT'S INSURANCE OBLIGATION AND ITS OBLIGATIONS AS COLLECTION AGENT OR INSURER TO MAKE PAYMENTS TO THE HOLDER AS REQUIRED IN PARAGRAPHS 2 AND 3 HEREOF ARE SECURED BY THE APPLICABLE INSURANCE FUND AND BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA PURSUANT TO SAID APPLICABLE STATUTE. THE HOLDER AGREES TO FOREGO ALL RIGHTS AND REMEDIES AGAINST THE MAKERS OF THE NOTES (BORROWERS) AND ANY OTHERS IN CONNECTION WITH THE LOANS EVIDENCED THEREBY, TO FOREGO ANY BENEFITS OF ANY RELATED SECURITY, AND TO ACCEPT THE BENEFITS OF THIS INSURANCE CONTRACT IN LIEU THEREOF.

6. GOVERNMENT'S RIGHT TO ASSIGNMENT.—BY THE ACCEPTANCE OF THIS INSTRUMENT, THE HOLDER HEREBY AGREES THAT IN THE EVENT A NOTE OR ADDITIONAL NOTE IS PAID IN FULL OR THE GOVERNMENT DETERMINES THAT THE ASSIGNMENT OF A PARTICULAR NOTE OR ADDITIONAL NOTE IS NECESSARY IN CONNECTION WITH THE SERVICING OR LIQUIDATION OF THE BORROWER'S ACCOUNT OR THE RELATED SECURITY, THE CUSTODIAN MAY DELIVER SUCH NOTE OR ADDITIONAL NOTE TO THE GOVERNMENT, OR IF THE HOLDER HAS TAKEN ACTUAL PHYSICAL POSSESSION OF THE NOTE OR ADDITIONAL NOTE PURSUANT TO PARAGRAPH 7 HEREOF, HE WILL DELIVER IT TO THE GOVERNMENT UPON REQUEST. DELIVERY OF THE NOTE OR ADDITIONAL NOTE TO THE GOVERNMENT SHALL CONSTITUTE AN ASSIGNMENT THEREOF TO THE GOVERNMENT, AND THE GOVERNMENT WILL SUBSTITUTE THEREFOR AND DELIVER TO THE CUSTODIAN (OR TO THE HOLDER IF HE HAS TAKEN ACTUAL PHYSICAL POSSESSION OF THE NOTES AND ADDITIONAL NOTES) ANOTHER NOTE OF APPROXIMATELY THE SAME VALUE (PRINCIPAL

PLUS ACCRUED INTEREST) AS, BUT NOT MORE THAN THE VALUE OF, THE ASSIGNED NOTE. IF THE VALUE OF THE SUBSTITUTE NOTE IS LESS THAN THE VALUE OF THE ASSIGNED NOTE, THE GOVERNMENT SHALL REMIT THE DIFFERENCE, WITH INTEREST COMPUTED TO THE APPLICABLE JANUARY 31, TO THE HOLDER ANNUALLY ALONG WITH THE INTEREST PORTIONS OF THE INSTALLMENTS AS PROVIDED IN SUBPARAGRAPH 2 (A) HEREOF. THE SUBSTITUTE NOTE SHALL BE CONSIDERED AS AN "ADDITIONAL NOTE" AS SUCH TERM IS USED HEREIN. THE SCHEDULE FURNISHED HEREIN IS ANNUALLY PUT TO SUBPARAGRAPH 2 (C) HEREOF WILL INCLUDE THE SUBSTITUTE NOTE. IN THE EVENT A SUBSTITUTE NOTE SHOULD NOT BE AVAILABLE TO REPLACE THE ASSIGNED NOTE, THE GOVERNMENT SHALL PAY THE HOLDER BY TREASURY CHECK THE VALUE OF THE ASSIGNED NOTE WITH INTEREST COMPUTED TO THE APPLICABLE JANUARY 31.

7. HOLDER'S RIGHT OF POSSESSION—AGREEMENT AS TO PAYEE.—THE HOLDER SHALL BE ENTITLED TO POSSESSION OF THE NOTES AND ADDITIONAL NOTES AT ALL TIMES, AND HE SHALL HAVE THE RIGHT AT ANY TIME TO OBTAIN ACTUAL PHYSICAL POSSESSION THEREOF BY MAKING A WRITTEN REQUEST TO THE CUSTODIAN NAMED IN SUBPARAGRAPH 1 (B) HEREOF, ACCOMPANIED BY THIS INSTRUMENT; PROVIDED, HOWEVER, THAT IN ORDER TO AVOID THE NECESSITY OF ENDORSEMENT OF THE NOTES AND ADDITIONAL NOTES EACH TIME THEY ARE SOLD OR ASSIGNED, IT IS AGREED THAT THEY WILL REMAIN PAYABLE TO THE ORDER OF THE GOVERNMENT SO LONG AS THEY REMAIN INSURED BY THE GOVERNMENT.

8. RESALE OF NOTES.—ANY HOLDER MAY SELL ALL OF THE NOTES AND ADDITIONAL NOTES AT ANY TIME WITH THE BENEFITS OF THIS INSURANCE CONTRACT BY ASSIGNING* ALL RIGHT, TITLE, AND INTEREST IN THIS INSTRUMENT AND THE NOTES AND ADDITIONAL NOTES TO THE PURCHASER AND FORWARDING THIS INSTRUMENT (WITH THE EXECUTED ASSIGNMENT AND THE APPROPRIATE ATTACHED SCHEDULE) TO THE FEDERAL RESERVE BANK OF NEW YORK, OR SUCH OTHER PLACE AS THE GOVERNMENT MAY DESIGNATE. UPON RECEIPT THEREOF, THE FEDERAL RESERVE BANK OF NEW YORK WILL REGISTER THE TRANSFER ON ITS RECORDS AND THE PURCHASER WILL THEREAFTER RECEIVE A NEW INSURANCE CONTRACT EXECUTED BY THE GOVERNMENT. NO SALE SHALL BE BINDING ON THE GOVERNMENT UNLESS AND UNTIL THE TRANSFER IS REGISTERED AS PROVIDED IN THIS PARAGRAPH 8.

** (Use the Assignment form set forth below)*

ASSIGNMENT

FOR VALUE RECEIVED, THE UNDERSIGNED DOES HEREBY SELL, ASSIGN, AND TRANSFER UNTO

(NAME AND ADDRESS OF TRANSFEREE)

ALL ITS RIGHT, TITLE AND INTEREST IN AND TO THE WITHIN INSTRUMENT AND THE NOTES AND ADDITIONAL NOTES COVERED THEREBY.

(NAME OF TRANSFEROR)

(DATE)

BY _____

(SIGNATURE)

(TITLE)

PERSONALLY APPEARED BEFORE ME THE ABOVE NAMED PERSON, WHOSE IDENTITY IS WELL KNOWN OR PROVED TO ME, AND SIGNED THE ABOVE ASSIGNMENT, ACKNOWLEDGING IT TO BE HIS FREE ACT AND DEED. WITNESS MY HAND, OFFICIAL DESIGNATION, AND SEAL.

(SIGNATURE OF WITNESSING OFFICER)

(OFFICIAL DESIGNATION)

SEAL

DATED AT _____

, 19____

FARMERS HOME INSURED NOTES

BAILMENT AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, executed as of December 22, 1970;

WHEREAS, under the provisions of a Purchase Agreement dated December 9, 1970, between a group of underwriters listed in a schedule attached thereto and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government", such underwriters have purchased blocks of promissory notes, bonds, or assumption agreements insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961 or Title V of the Housing Act of 1949, which notes, bonds, or assumption agreements are herein called "notes"; and

WHEREAS, each of such underwriters in Section 10 of an Agreement Among Underwriters dated December 9, 1970, relating to such purchase has authorized Mercantile Trust Company National Association, St. Louis, Missouri, herein called the "Custodian", to accept delivery of the block(s) of notes purchased by such underwriters from the Government and to hold such notes in accordance with the provisions of this Agreement; and

WHEREAS, the notes are described on Schedules A attached to Insurance Contracts executed by the Government as of the date first above written, which notes and copies of which Schedules A are being delivered to the Custodian simultaneously with the execution hereof; and

WHEREAS, each owner and subsequent owner of notes, herein called "holder", who does not wish to take actual physical possession thereof shall, by the acceptance of one or more of said Insurance Contracts (a specimen copy of which is attached hereto), be deemed to have authorized the Custodian to retain custody of such holder's notes; and

WHEREAS, it becomes necessary from time to time for the Government to require the assignment and delivery to it of a particular note when the note is paid in full or when the borrower's account or the related security is being serviced or liquidated; and

WHEREAS, under the provisions of said Insurance Contracts the Government will, from time to time, purchase additional notes on behalf of the holders of such Contracts, and will deliver such additional notes to the Custodian as bailee of the notes; (when the context permits, the term "note" or "notes" as used herein shall be construed to include any such additional note(s) and to include also any substitute note(s) delivered by the Government to the Custodian to replace any note(s) required by the Government to be assigned to it); and

WHEREAS, under the provisions of said Insurance Contracts any holder has the right at any time to obtain actual physical possession of the notes owned by him by making written request to the Custodian accompanied by the Insurance Contract(s) relating to such notes; and

WHEREAS, the Government has agreed to repurchase the notes represented by the Insurance Contracts on November 30, 1980 from the holders thereof and the holders have agreed to assign such notes to the Government on said dates; and

WHEREAS, the Finance Office of the Farmers Home Administration, herein called the "Finance Office", is located near the downtown business area of St. Louis, Missouri, and for the convenience of all parties concerned, and to avoid the risk of loss of notes in the mails, it is desired that the notes be stored at a location in such downtown area, so that authorized representatives of the Government may have convenient access to any of the notes at all times during regular business hours;

Now, THEREFORE, pursuant to authorization as above recited and in consideration of the sum of \$56,200 paid by the said underwriters, the Custodian hereby agrees as follows:

1. The Custodian hereby acknowledges receipt of the notes described on the Schedules A delivered to it as of the date hereof.

2. At all times during the term of this Agreement, the Custodian will hold and store the notes in a fireproof cabinet(s) or vault(s) located in a building in the downtown business area of St. Louis, Missouri, not further than five miles from the Finance Office at its present location. The Custodian will retain custody of the notes as bailee for the holders, and in no case will it be acting as bailee or agent for the Government. The Custodian will keep the notes adequately insured against loss or damage by fire, windstorm, flood and other acts of God, and burglary and robbery or otherwise. The Custodian shall assume full responsibility and risk for all notes on deposit with it and shall bear all costs and expenses incurred by it as bailee of such notes, and the Government shall not be liable for any such costs or expenses.

3. The Custodian hereby acknowledges the receipt of the above sum of \$56,200 from said underwriters as full payment for all fees and expenses during the term of this Agreement and that said underwriters and the holders shall have no further obligation to pay any additional fee or expenses of the Custodian; and the Custodian further agrees that the underwriters and the holders shall not have any responsibility whatsoever or risk of loss or damage by fire, windstorm, flood and other acts of God, and burglary or robbery or otherwise with respect to the notes except any notes which the Custodian might deliver to a holder upon request pursuant to his Insurance Contract(s) and this Agreement. The Custodian shall have no responsibility to insure or verify that the Government's obligations under and pursuant to said Insurance Contracts shall have been satisfied; nor shall it have any responsibility respecting the validity or adequacy of the notes deposited with it.

4. The Government, through its authorized representatives, shall have free access to the notes at any time during regular business hours as long as this Agreement shall remain in effect. The authorized representatives of the Government for this purpose shall be the Director, each Deputy Director, and the Insured Loan Officer, Finance Office, and any other employee of the Farmers Home Administration who has written authorization from the Director or Acting Director, Finance Office. The number of employees having such written authorization at any one time shall not exceed five. Any such authorized representative shall have the right at any time to remove any note or notes, provided the Government's representative furnishes the Custodian with a receipt showing with respect to each removed note: the name and case number of the borrower, date of note, face amount, rate of interest, date of removal of the note, and number of the Insurance Contract covering such note. When the Government delivers a note or notes to the Custodian, the Custodian will store such note(s) with the respective block(s) of notes designated by the Government and will furnish the Government with a receipt describing the note(s) in the manner above indicated and showing the date of delivery. It is understood the Government will furnish the Custodian with copies of all schedules transmitted to holders as of each January 31, which will include a description of the notes delivered to the Custodian for the preceding year.

5. Upon the written request of any holder accompanied by the Insurance Contract(s) relating to the notes owned by such holder, and after advising the Government and receiving confirmation from the Government that such holder is the record owner of such notes, the Custodian will deliver such notes to the holder together with the Insurance Contract(s) relating thereto, marked with a notation to evidence that such notes are no longer held by the Custodian. As of the date of such delivery this Agreement shall terminate with respect to the notes so delivered and the Custodian's responsibilities and duties as bailee of the notes so delivered shall cease.

6. On November 30, 1980 the Custodian will, upon appropriate receipt therefor, deliver to the Government all of the notes held by the Custodian hereunder. As of the date of such delivery, this Agreement shall terminate and the Custodian's responsibilities and duties as bailee of the notes so delivered shall cease.

IN WITNESS WHEREOF, the Custodian has caused its corporate name to be hereto subscribed by its proper officer(s) in that behalf duly authorized, and its corporate seal to be hereunto affixed and attested on the day and year first above written.

[CORPORATE SEAL]
Attest:

MERCANTILE TRUST COMPANY
NATIONAL ASSOCIATION

.....

By.....

.....
(Title)

.....
(Title)

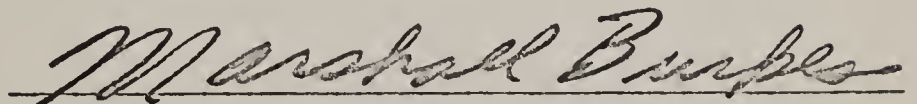
UNITED STATES DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

CERTIFICATE AS TO STATUTES

I, MARSHALL BURKES, Assistant Administrator (Insured Note Marketing) of the Farmers Home Administration, an agency of the United States Department of Agriculture, DO HEREBY CERTIFY that the copy of the Consolidated Farmers Home Administration Act of 1961 and the copy of Title V of the Housing Act of 1949, as they appear in the attached pamphlet issued June 1970 by the Farmers Home Administration, are true and correct copies of such Acts as in effect on December 22, 1970.

IN WITNESS WHEREOF, I have hereunto signed my name this 22nd day of December, 1970.

A handwritten signature in cursive script, reading "Marshall Burkess", written over a horizontal line.

MARSHALL BURKES
Assistant Administrator
(Insured Note Marketing)
Farmers Home Administration

ACTS OF CONGRESS ADMINISTERED BY OR AFFECTING THE
FARMERS HOME ADMINISTRATION

Revised and Issued **June 1970**
Farmers Home Administration

INDEX

	<u>PAGE</u>
Alaska Omnibus Act	80
Angostura Project	20
Appalachian Regional Development Act of 1965	81
Civil Rights Acts and Executive Orders	105
Comprehensive Planning Grants - Sec. 701, Housing Act of 1954 ..	55
Consolidated Farmers Home Administration Act of 1961	1
Disaster Relief Act of 1969	17A
Economic Opportunity Act of 1964	76
Federal Claims Collection Act	103
Homestead Entrymen	18
Housing Act of 1949 - Title V	21
Housing Provisions - Other	44
Indian Tribes and Tribal Corporations - Loans	17B
Litigation - Laws pertaining to	100
National Environmental Policy Act of 1969	116A
Participation Sales Act - Excerpts	85
Public Information Act	82
Puerto Rico Hurricane Relief Loans	72
Rural Rehabilitation Corporation Trust Liquidation Act	62
Rural Renewal	74
Truth in Lending Act	88
Watershed Protection and Flood Prevention Act	65

PUBLIC LAWS

<u>PUBLIC LAW</u>	<u>CONGRESS & SESSION</u>	<u>DATE OF APPROVAL</u>	<u>PAGES</u>
Consolidated Farmers Home Administration Act of 1961, as amended..			1-17
87-128	87th, 1st	August 8, 1961	
87-703	87th, 2nd	Sept. 27, 1962	
87-798	87th, 2nd	Oct. 11, 1962	
87-832	87th, 2nd	Oct. 15, 1962	
89-240	89th, 1st	Oct. 7, 1965	
89-429	89th, 2nd	May 24, 1966	
89-586	89th, 2nd	Sept. 19, 1966	
89-633	89th, 2nd	Oct. 8, 1966	
89-769	89th, 2nd	Nov. 6, 1966	
90-426	90th, 2nd	July 26, 1968	
90-488	90th, 2nd	August 15, 1968	
Disaster Relief Act of 1969			17A
91-79	91st, 1st	Oct. 1, 1969	
Indian Tribes and Tribal Corporations - Loans			17B
91-229	91st, 2nd	April 11, 1970	
Other Statutes that relate to authorities contained in the Consolidated Farmers Home Administration Act of 1961, as amended, (Homestead Entryman, Angostura Project):			18-20
361	81st, 1st	Oct. 19, 1949	
270	84th, 1st	August 9, 1955	
Title V of the Housing Act of 1949, as amended			21-43
171	81st, 1st	July 15, 1949	
531	82nd, 2nd	July 14, 1952	
98	83rd, 1st	June 30, 1953	
438	83rd, 2nd	June 29, 1954	
560	83rd, 2nd	August 2, 1954	
345	84th, 1st	August 11, 1955	
1020	84th, 2nd	August 7, 1956	
87-70	87th, 1st	June 30, 1961	
87-723	87th, 2nd	Sept. 28, 1962	
88-340	88th, 2nd	June 30, 1964	
88-560	88th, 2nd	Sept. 2, 1964	
89-117	89th, 1st	August 10, 1965	
89-348	89th, 1st	Nov. 8, 1965	
89-754	89th, 2nd	Nov. 3, 1966	
90-448	90th, 2nd	August 1, 1968	
91-78	91st, 1st	Sept. 30, 1969	
91-152	91st, 1st	Dec. 24, 1969	
Other Housing Provisions of Special Interest to Farmers Home Administration			
90-448	90th, 2nd	August 1, 1968	

PUBLIC LAWS (continued)

<u>PUBLIC LAW</u>	<u>CONGRESS & SESSION</u>	<u>DATE OF APPROVAL</u>	<u>PAGES</u>
Rural Rehabilitation Corporation Trust Liquidation Act:62-64			
499	81st, 2nd	May 3, 1950	
89-554	89th, 2nd	September 6, 1966	
Watershed Protection and Flood Prevention Act:65-71			
566	83rd, 2nd	August 4, 1954	
1018	84th, 2nd	August 7, 1956	
85-624	85th, 2nd	August 12, 1958	
85-865	85th, 2nd	September 2, 1958	
86-624	86th, 2nd	July 12, 1960	
86-468	86th, 2nd	May 13, 1960	
86-545	86th, 2nd	June 29, 1960	
87-170	87th, 1st	August 30, 1961	
87-703	87th, 2nd	September 27, 1962	
89-337	89th, 1st	November 8, 1965	
90-361	90th, 2nd	June 27, 1968	
Puerto Rico Hurricane Relief Loans72-73			
692	84th, 2nd	July 11, 1956	
89-348	89th, 1st	November 8, 1965	
Rural Renewal74-75			
87-703	87th, 2nd	September 27, 1962	
89-796	89th, 2nd	November 8, 1966	
Economic Opportunity Act of 196476-79			
88-452	88th, 2nd	August 20, 1964	
89-253	89th, 1st	October 9, 1965	
89-794	89th, 2nd	November 8, 1966	
90-222	90th, 1st	December 23, 1967	
91-177	91st, 1st	December 30, 1969	
Alaska Omnibus Act (1964 Amendments) 80			
88-451	88th, 2nd	August 19, 1964	
Appalachian Regional Development Act of 1965 81			
89-4	89th, 1st	March 9, 1965	
90-103	90th, 1st	October 11, 1967	

Public Information Act			82-84
90-23	90th, 1st	June 5, 1967	
Participation Sales Act - Excerpts			85-87
89-429	89th, 2nd	May 24, 1966	
Truth in Lending Act			88-99
90-321	90th, 2nd	May 29, 1968	
Litigation - Laws pertaining to			100-102
(1) Actions affecting property on which United States has lien			
89-719	89th, 2nd	Nov. 2, 1966	
(2) Costs			
89-507	89th, 2nd	July 18, 1966	
(3) Statute of Limitations			
89-505	89th, 2nd	July 18, 1966	
Federal Claims Collection Act			103-104
89-508	89th, 2nd	July 19, 1966	
Civil Rights: Nondiscrimination - Fair Housing			105-130
88-352	88th, 2nd	July 2, 1964	
90-284	90th, 2nd	April 11, 1968	
National Environmental Policy Act of 1969			116A-116D
91-190	91st, 1st	January 1, 1970	

PUBLIC LAWS (continued)

Executive Orders:

- 11063 - Equal Opportunity in Housing - November 20, 1962
- 11246 - Equal Employment Opportunity - September 24, 1965
- 11246 - Corrects Equal Employment Opportunity
- 11375 - Amends Executive Order 11246 - October 13, 1967
- 11247 - Coordination of Enforcement - September 24, 1965

NOTE: The following Acts are excluded from this compilation:

1. Sections 1 and 2 of the Farmers Home Administration Act of 1946 (P.L. 731, 79th Congress; 7 U.S.C. 1001 Note, 1958 basic edition).
2. The Debt Settlement Act of December 20, 1944 (P.L. 518, 78th Congress; 12 U.S.C. 1150).
3. Appropriation Acts and P.L. 979, 84th Congress; (7 U.S.C. 1040) with respect thereto.
4. To provide assistance to States of Florida, Louisiana and Mississippi for damages suffered by Hurricane "Betsy". P.L. 89-339, approved November 8, 1965.
5. Assignment of income under Section 8 (g) of the Soil Conservation and Domestic Allotment Act, as amended P.L. 89-742, approved November 2, 1966 (16 U.S.C. 590h(g)).
6. Section 203 of Appalachian Regional Development Act of 1965 (40 U.S.C. Appendix A 203) which authorizes loans to landowners and others for cost sharing.
7. Intergovernmental Cooperation Act of 1968, P.L. 90-577, approved October 16, 1968 (42 U.S.C. 4201 et seq and 40 U.S.C. 531 et seq).

CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961, AS AMENDED

Title III of the Agricultural Act of 1961 (P.L. 87-128) 7 U.S.C. 1921 et seq.,
Consolidated Act Section Numbers Appear on Left-Hand Margin --
U.S.C. Section Numbers Are Next to Section Headings.

Sec. 301. (a) (7 U.S.C. 1921 Note) This title may be cited as the
"Consolidated Farmers Home Administration Act of 1961".

(Sec. 301 (b)) 7 U.S.C. 1921. **Congressional findings**

The Congress hereby finds that the statutory authority of the Secretary of Agriculture, hereinafter referred to in this chapter as the "Secretary," for making and insuring loans to farmers and ranchers should be revised and consolidated to provide for more effective credit services to farmers. Pub.L. 87-128, Title III, § 301(b), Aug. 8, 1961, 75 Stat. 307.

SUBCHAPTER I.—REAL ESTATE LOANS

(Sec. 302) 7 U.S.C. 1922. **Persons eligible for loans**

The Secretary is authorized to make and insure loans under this subchapter to farmers and ranchers in the United States and in Puerto Rico and the Virgins Islands who (1) are citizens of the United States, (2) have a farm background and either training or farming experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations, (3) are or will become owner-operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. Pub.L. 87-128, Title III, § 302, Aug. 8, 1961, 75 Stat. 307.

(Sec. 303) 7 U.S.C. 1923. **Purposes of loans; preferences**

Loans may be made or insured under this subchapter for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, (2) recreational uses and facilities, (3) enterprises needed to supplement farm income, (4) refinancing existing indebtedness, and (5) loan closing costs. In making or insuring loans for farm purchase, the Secretary shall give preference to persons who are married or have dependent families and, wherever practicable, to persons who are able to make initial downpayments, or who are owners of livestock and farm implements necessary successfully to carry on farming operations.

As amended Pub.L. 90-488, § 1, Aug. 15, 1968, 82 Stat. 770.

(Sec. 304) 7 U.S.C. 1924. **Soil and water conservation, and recreational facilities and uses, loans**

Loans may also be made or insured under this subchapter (a) to any farm owners or tenants without regard to the requirements of section 1922(1), (2), and (3) of this title for the purposes only of land and water development, use and conservation, not including recreational uses and facilities, and (b) without regard to the requirements of section 1922(2)

As amended through
August 15, 1968

Public Law 87-128 - Continued

and (3) of this title, to individual farmowners or tenants to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this chapter.

As amended Pub.L. 90-488, § 2, Aug. 15, 1968, 82 Stat. 770.

(Sec. 305) 7 U.S.C. 1925.

Limitation on amount of loan

The Secretary shall make or insure no loan under sections 1922, 1923, and 1924 of this title which would cause (a) the unpaid indebtedness against the farm or other security at the time the loan is made to exceed \$60,000 or the normal value of the farm or other security, or (b) the loan to exceed the amount certified by the county committee. In determining the normal value of the farm, the Secretary shall consider appraisals made by competent appraisers under rules established by the Secretary. Such appraisals shall take into consideration both the normal agricultural value and the normal market value of the farm. Pub.L. 87-128, Title III, § 305, Aug. 8, 1961, 75 Stat. 308.

(Sec. 306) 7 U.S.C. 1926.

Water and waste facility loans and grants—Criteria; definitions; limitation on allowable uses of Federal funds

(a)(1) The Secretary is also authorized to make or insure loans to associations, including corporations not operated for profit, and public and quasi-public agencies to provide for the application or establishment of soil conservation practices, shifts in land use, the conservation, development, use, and control of water, and the installation or improvement of drainage or waste disposal facilities, and recreational developments, all primarily serving farmers, ranchers, farm tenants, farm laborers, and other rural residents, and to furnish financial assistance or other aid in planning projects for such purposes.

(2) The Secretary is authorized to make grants aggregating not to exceed \$100,000,000 in any fiscal year to such associations to finance specific projects for works for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. The amount of any grant made under the authority of this paragraph shall not exceed 50 per centum of the development cost of the project to serve the area which the association determines can be feasibly served by the facility and to adequately serve the reasonably foreseeable growth needs of the area.

(3) No grant shall be made under paragraph 2 of this subsection in connection with any facility unless the Secretary determines that the project (i) will serve a rural area which is not likely to decline in population below that for which the facility was designed, (ii) is designed and constructed so that adequate capacity will be or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area, or (iii) is necessary for orderly community development consistent with a comprehensive community water or sewer development plan of the rural area and not inconsistent with any planned development under State, county, or municipal plans approved as official plans by competent authority for the area in which the rural community is located and the Secretary shall establish regulations requiring the submission of all applications for financial assistance under this chapter to the county or municipal government in which the proposed project is to be located for review and comment by such agency within a designated period of time. Until October 1, 1971, the Secretary may make grants prior to the completion of the comprehensive plan, if the preparation of such plan has been undertaken for the area.

(4) (A) The term "development cost" means the cost of construction of a facility and the land, easements, and rights-of-way, and water rights necessary to the construction and operation of the facility.

As amended through
August 15, 1968

(B) The term "project" shall include facilities providing central service or facilities serving individual properties, or both.

(5) No loan or grant shall be made under this subsection which would cause the unpaid principal indebtedness of any association under this chapter and under the Act of August 28, 1937, as amended, together with the amount of any assistance in the form of a grant to exceed \$4,000,000 at any one time.

(6) The Secretary may make grants aggregating not to exceed \$15,000,000 in any fiscal year to public bodies or such other agencies as the Secretary may determine having authority to prepare official comprehensive plans for the development of water or sewer systems in rural areas which do not have funds available for immediate undertaking of the preparation of such plan.

(7) Rural areas, for the purposes of water and waste disposal projects shall not include any area in any city or town which has a population in excess of 5,500 inhabitants.

(8) In each instance where the Secretary receives two or more applications for financial assistance for projects that would serve substantially the same group of residents within a single rural area, and one such application is submitted by a city, town, county or other unit of general local government, he shall, in the absence of substantial reasons to the contrary, provide such assistance to such city, town, county or other unit of general local government.

(9) No Federal funds shall be authorized for use unless it be certified by the appropriate State water pollution control agency that the water supply system authorized will not result in pollution of waters of the State in excess of standards established by that agency.

(10) In the case of sewers and waste disposal systems, no Federal funds shall be advanced hereunder unless the appropriate State water pollution control agency shall certify that the effluent therefrom shall conform with appropriate State and Federal water pollution control standards when and where established.

Curtailment or limitation of service prohibited

(b) The service provided or made available through any such association shall not be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

Loans to associations in areas suffering major disasters

(c) In areas which have suffered major disasters the Secretary is authorized, without regard to the annual grant limitation in subsection (a)(2) of this section, to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, replacement, or extension of waste disposal systems and other public facilities damaged or destroyed as a result of a major disaster providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster, and to make grants not to exceed 50 per centum of the cost of repair, reconstruction, or replacement of waste disposal systems, water systems, and other public facilities damaged or destroyed as a result of a major disaster providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed cost of such services in comparable communities in the State.

As amended Pub.L. 89-240, § 1, Oct. 7, 1965, 79 Stat. 931; Pub.L. 89-769, § 6(b), Nov. 6, 1966, 80 Stat. 1318; Pub.L. 90-488, §§ 3, 4, 5, Aug. 15, 1968, 82 Stat. 770.

50 Stat. 869;
75 Stat. 318.
16 USC 590r-
590x-4
50 Stat. 869;
75 Stat. 318.
16 USC 590r-
590x-4

50 Stat. 869;
68 Stat. 735;
72 Stat. 841.
16 USC
590r-590x-4.

75 Stat. 308;
79 Stat. 931.

As amended through
August 15, 1968

(Sec. 307) 7 U.S.C. 1927.

**Repayment period; interest rate; fees and charges;
mortgages, liens and other security**

(a) The period for repayment of loans under this subchapter shall not exceed forty years. The Secretary shall from time to time establish the interest rate or rates at which loans for various purposes will be made or insured under this subchapter but not in excess of 5 per centum per annum. The borrower shall pay such fees and other charges as the Secretary may require.

(b) The Secretary shall take as security for the obligations entered into in connection with loans, mortgages on farms with respect to which such loans are made or such other security as the Secretary may require, and for obligations in connection with loans to associations under section 1926 of this title, shall take liens on the facility or such other security as he may determine to be necessary. Such security instruments shall constitute liens running to the United States notwithstanding the fact that the notes may be held by lenders other than the United States. Pub.L. 87-128, Title III, § 307, Aug. 8, 1961, 75 Stat. 308.

(Sec. 308) 7 U.S.C. 1928.

Time limitation on insured loans; servicing and purchase of loans; computation of charges on principal unpaid balance of loan; full faith and credit of United States; incontestability

Until October 1, 1971, loans under this subchapter may be insured by the Secretary whenever funds are advanced or a loan is purchased by a lender other than the United States. In connection with insurance of loans, the Secretary—

(a) is authorized to make agreements with respect to the servicing of loans insured hereunder and to purchase such loans on such terms and conditions as he may prescribe; and

(b) may retain out of payments by the borrower a charge at a rate specified in the insurance agreement applicable to the loan.

Any contract of insurance executed by the Secretary under this subchapter shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge.

As amended Pub.L. 89-240, § 2(a), Oct. 7, 1965, 79 Stat. 932; Pub.L. 90-488, § 6, Aug. 15, 1968, 82 Stat. 770.

(Sec. 309) 7 U.S.C. 1929.

Agricultural Credit Insurance Fund—Revolving fund

(a) The fund established pursuant to section 11(a) of the Bankhead-Jones Farm Tenant Act, as amended, shall hereafter be called the Agricultural Credit Insurance Fund and is hereinafter in this subchapter referred to as the "fund". The fund shall remain available as a revolving fund for the discharge of the obligations of the Secretary under agreements insuring loans under this subchapter and loans and mortgages insured under prior authority.

Deposits of funds; investments; purchase of notes

(b) Moneys in the fund not needed for current operations shall be deposited in the Treasury of the United States to the credit of the fund or invested in direct obligations of the United States or obligations guaranteed by the United States. The Secretary may purchase with money in the fund any notes issued by the Secretary to the Secretary of the Treasury for the purpose of obtaining money for the fund.

**Agri-
cultural
Credit
Insurance
Fund.
60 Stat.
1072.
7USC
1005a.**

As amended through
August 15, 1968

**Notes; form and denominations; maturities; terms and conditions;
interest rate; purchase by Treasury; public debt transaction**

(c) The Secretary is authorized to make and issue notes to the Secretary of the Treasury for the purpose of obtaining funds necessary for discharging obligations under this section and for authorized expenditures out of the fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yield of outstanding marketable obligations of the United States having maturities comparable to the notes issued by the Secretary under this subchapter. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and, for that purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

40
Stat.
288.
31 USC
774.

**Notes and security as part of fund; collection or sale of notes;
deposit of net proceeds in fund**

(d) Notes and security acquired by the Secretary in connection with loans insured under this subchapter and under prior authority shall become a part of the fund. Notes may be held in the fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof at the balance due thereon, or on such other basis as the Secretary may determine from time to time. All net proceeds from such collections, including sales of notes or property, shall be deposited in and become a part of the fund.

**Deposit in fund of portion of charge on outstanding principal obligations;
availability of remainder of charge, and merger with appropriations,
for administrative expenses**

(e) The Secretary shall deposit in the fund all or a portion, not to exceed one-half of 1 per centum of the unpaid principal balance of the loan, of any charge collected in connection with the insurance of loans; and any remainder of any such charge shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually and become merged with any appropriation for administrative expenses.

Utilization of fund

(f) The Secretary may utilize the fund—

(1) to make loans which could be insured under this subchapter whenever the Secretary has reasonable assurance that they can be sold without undue delay, and may sell and insure such loans. The aggregate of the principal of such loans made and not disposed of shall not exceed \$100,000,000 at any one time;

(2) to pay the interest to which the holder of the note is entitled on loans heretofore or hereafter insured accruing between the date of any prepayments made by the borrower and the date of transmittal of any such prepayments to the lender. In the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due.

(3) to pay to the holder of the notes any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, the entire balance due on the loan;

As amended through
August 15, 1968

(4) to purchase notes in accordance with agreements previously entered into; and

(5) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections and other expenses and advances authorized in section 1985(a) of this title in connection with insured loans.

Pub.L. 87-128, Title III, § 309, Aug. 8, 1961, 75 Stat. 309; Pub.L. 87-703, Title IV, § 401(3), Sept. 27, 1962, 76 Stat. 632.

As amended Pub.L. 89-240, § 2(b), (c), Oct. 7, 1965, 79 Stat. 932; Pub.L. 89-633, Oct. 8, 1966, 80 Stat. 879; Pub.L. 90-488, § 7, Aug. 15, 1968, 82 Stat. 771.

SUBCHAPTER II.—OPERATING LOANS

(Sec. 311) 7 U.S.C. 1941.

Persons eligible for loans

The Secretary is authorized to make loans under this subchapter to farmers and ranchers in the United States and in Puerto Rico and the Virgin Islands who (1) are citizens of the United States, (2) have a farm background and training or farming experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operation, (3) are or will become operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. Pub.L. 87-128, Title III, § 311, Aug. 8, 1961, 75 Stat. 310.

(Sec. 312) 7 U.S.C. 1942.

Purposes of loans

Loans may be made under this subchapter for (1) paying costs incident to reorganizing the farming system for more profitable operation, (2) purchasing livestock, poultry, and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, (4) financing land and water development, use, and conservation, (5) without regard to the requirements of section 1941(2) and (3) of this title, to individual farmers or ranchers to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this chapter, (6) enterprises needed to supplement farm income, (7) refinancing existing indebtedness, (8) other farm and home needs including but not limited to family subsistence, and (9) for loan closing costs.

As amended Pub.L. 90-488, § 8, Aug. 15, 1968, 82 Stat. 771.

(Sec. 313) 7 U.S.C. 1943.

Limitations and prohibitions on loans

The Secretary shall make no loan under this subchapter (1) which would cause the total principal indebtedness outstanding at any one time for loans made under this subchapter and under section 21 of the Bankhead-Jones Farm Tenant Act, as amended, to exceed \$35,000, (2) for the purchasing or leasing of land other than for cash rent, or for carrying on any land leasing or land purchasing program, or (3) in excess of an amount certified by the county committee.

As amended Pub.L. 90-488, § 9, Aug. 15, 1968, 82 Stat. 771.

70 Stat.
802. 7
USC 1007

As amended through
August 15, 1968

Public Law 87-128 - Continued

(Sec. 314) 7 U.S.C. 1944. **Soil conservation district loans; limitation; purchase of conservation equipment**

Loans aggregating not more than \$500,000 in any one year may also be made to soil conservation districts which cannot obtain necessary credit elsewhere upon reasonable terms and conditions for the purchase of equipment customarily used for soil conservation purposes. Pub.L. 87-128, Title III, § 314, Aug. 8, 1961, 75 Stat. 311.

(Sec. 315) 7 U.S.C. 1945. **Participating loans**

The Secretary is authorized to participate in loans which could otherwise be made by the Secretary under this subchapter which are made by commercial banks, cooperative lending agencies, or other legally organized agricultural lending agencies up to 80 per centum of the amount of the loan. Pub.L. 87-128, Title III, § 315, Aug. 8, 1961, 75 Stat. 311.

(Sec. 316) 7 U.S.C. 1946. **Liability of borrower; interest rate; security; maturity; renewal**

The Secretary shall make all loans under this subchapter upon the full personal liability of the borrower and upon such security as the Secretary may prescribe. Such loans shall be payable in not more than seven years, but may be renewed for not more than five additional years. Loans made under this subchapter shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary. As amended Pub.L. 90-488, § 10, Aug. 15, 1968, 82 Stat. 771.

SUBCHAPTER III.—EMERGENCY LOANS

(Sec. 321) 7 U.S.C. 1961. **Designation of emergency areas; persons eligible for loans**

(a) The Secretary may designate any area in the United States and in Puerto Rico and the Virgin Islands as an emergency area if he finds (1) that there exists in such area a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources (including loans the Secretary is authorized to make under subchapter II of this chapter or to make or insure under subchapter I of this chapter or any other Act of Congress), at reasonable rates and terms for loans for similar purposes and periods of time, and (2) that the need for such credit in such area is the result of a natural disaster.

(b) The Secretary is authorized to make loans in any such area (1) to established farmers, ranchers, or oyster planters who are citizens of the United States and (2) to private domestic corporations or partnerships engaged primarily in farming, ranching, or oyster planting provided they have experience and resources necessary to assure a reasonable prospect for successful operation with the assistance of such loan, and are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. Pub.L. 87-128, Title III, § 321, Aug. 8, 1961, 75 Stat. 311; Pub.L. 87-832, Oct. 15, 1962, 76 Stat. 958.

As amended through
August 15, 1968

Public Law 87-128 - Continued

(Sec. 322) 7 U.S.C. 1962.

Purpose of loans

Loans may be made under this subchapter for any of the purposes authorized for loans under subchapter I or II of this chapter. Pub.L. 87-128, Title III, § 322, Aug. 8, 1961, 75 Stat. 311.

(Sec. 323) 7 U.S.C. 1963.

Limitation of loans to amount certified by county committee

The Secretary shall make no loan under this subchapter in excess of an amount certified by the county committee. Pub.L. 87-128, Title III, § 323, Aug. 8, 1961, 75 Stat. 311.

(Sec. 324) 7 U.S.C. 1964.

Liability of borrower; interest rate; maturity; security

The Secretary shall make all loans under this subchapter at a rate of interest not in excess of 3 per centum per annum repayable at such times as the Secretary may determine, taking into account the purpose of the loan and the nature and effect of the emergency, but not later than provided for loans for similar purposes under subchapters I and II of this chapter, and upon the full personal liability of the borrower and upon such security as the Secretary may prescribe. Pub.L. 87-128, Title III, § 324, Aug. 8, 1961, 75 Stat. 311.

(Sec. 325) 7 U.S.C. 1965.

Persons suffering isolated production losses and indebted borrowers eligible for loans

The Secretary may make loans without regard to the designation of emergency areas under section 1961(a) of this title to persons or corporations (1) who have suffered severe production losses not general to the area or (2) who are indebted to the Secretary for loans under the Act of April 6, 1949, as amended, or the Act of August 31, 1954, as amended, to the extent necessary to permit the orderly repayment or liquidation of said prior indebtedness. Pub.L. 87-128, Title III, § 325, Aug. 8, 1961, 75 Stat. 311.

63 Stat. 43,
12 USC 1148a-1
and note 1148a-
2, 1148a-3
68 Stat. 999;
70 Stat. 804.

(Sec. 326) 7 U.S.C. 1966.

Emergency Credit Revolving Fund utilization

The Secretary is authorized to utilize the revolving fund created by section 1148a of Title 12 (hereinafter in this subchapter referred to as the "Emergency Credit Revolving Fund") for carrying out the purposes of this subchapter. Pub.L. 87-128, Title III, § 326, Aug. 8, 1961, 75 Stat. 312.

48 Stat.
273. 12
USC 1148a

(Sec. 327) 7 U.S.C. 1967.

Emergency Credit Revolving Fund appropriations

(a) All sums received by the Secretary from the liquidation of loans made under the provisions of this subchapter or under the Act of April 6, 1949, as amended, or the Act of August 31, 1954, and from the liquidation of any other assets acquired with money from the Emergency Credit Revolving Fund shall be added to and become a part of such fund.

(b) There are authorized to be appropriated to the Emergency Credit Revolving Fund such additional sums as the Congress shall from time to time determine to be necessary. Pub.L. 87-128, Title III, § 327, Aug. 8, 1961, 75 Stat. 312.

68 Stat.
999; 70
Stat. 804.
12 USC
1148a-1
and note,
1148a-2

As amended through
August 15, 1968

SUBCHAPTER IV.—ADMINISTRATIVE PROVISIONS

c. 331) 7 U.S.C. 1981.

Farmers Home Administration; appointment and compensation of Administrator; transfer of powers, duties and assets pertaining to agricultural credit; powers of Secretary of Agriculture

For the purposes of this chapter and for the administration of assets under the jurisdiction of the Secretary of Agriculture pursuant to the Farmers Home Administration Act of 1946, as amended, the Bankhead-Jones Farm Tenant Act, as amended, the Act of August 28, 1937, as amended, the Act of April 6, 1949, as amended, the Act of August 31, 1954, as amended, and the powers and duties of the Secretary under any other Act authorizing agricultural credit, the Secretary may assign and transfer such powers, duties, and assets to the Farmers Home Administration, to be headed by an Administrator, appointed by the President, by and with the advice and consent of the Senate, without regard to the civil service laws or the Classification Act of 1949, as amended, who shall receive basic compensation as provided by law for that office.

The Secretary may—

(a) administer his powers and duties through such national, area, State, or local offices and employees in the United States and in Puerto Rico and the Virgin Islands as he determines to be necessary and may authorize an office to serve the area composed of two or more States if he determines that the volume of business in the area is not sufficient to justify separate State offices;

(b) accept and utilize voluntary and uncompensated services, and, with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, territory, or political subdivision;

(c) within the limits of appropriations made therefor, make necessary expenditures for purchase or hire of passenger vehicles, and such other facilities and services as he may from time to time find necessary for the proper administration of this Act;

(d) compromise, adjust, or reduce claims, and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require, but compromises, adjustments, or reductions of claims of \$15,000 or more shall not be made without the approval of the Administrator: *Provided, however, That—*

(1) compromise, adjustment, or reduction of claims shall be based on the value of the security and a determination by the Secretary of the debtor's reasonable ability to pay considering his other assets and income at the time of the action and with or without the payment of any consideration at the time of such adjustment or reduction;

(2) releases from personal liability may also be made with or without payment of any consideration at the time of adjustment of claims against—

60 Stat.
1062. 7
USC 1001
note. 50
Stat. 522.
7 USC 1000
50 Stat.
869. 16
USC 590r-
590x-4.
63 Stat.
954. 5
USC 1071
note.

As amended through
August 15, 1968

(A) borrowers who have transferred the security property to approved applicants under agreements assuming the outstanding secured indebtedness;

(B) borrowers who have transferred the security property to approved applicants under agreements assuming that portion of the secured indebtedness equal to the current market value of the security property or transferred the security property to the Secretary;

(C) borrowers who have transferred the security property to other than approved applicants under agreements assuming the full amount of, or that portion of the secured indebtedness equal to, the current market value of the security property on terms not to exceed five annual installments with interest on the unpaid balance at a rate determined by the Secretary; and

(D) borrowers who transfer security property under subparagraphs (B) and (C) above for amounts less than the indebtedness secured thereby may be released from personal liability only on a determination by the Secretary that each such borrower has no reasonable debt-paying ability considering his assets and income at the time of the transfer and the county committee certifies that the borrower has cooperated in good faith, used due diligence to maintain the security property against loss, and has otherwise fulfilled the covenants incident to his loan to the best of his ability;

(3) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee utilized pursuant to section 1982 of this title; and

(4) any claim which has been due and payable for five years or more, and where the debtor has no assets or no apparent future debt-paying ability from which the claim could be collected, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the county committee and of the employee having charge of the claim, and any claim involving a principal balance of \$150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical; and

(5) partial releases and subordination of mortgages may be granted either where the secured indebtedness remaining after the transaction will be adequately secured or the security interest of the Secretary will not be adversely affected, and the transaction and use of proceeds will further the purposes for which the loan was made, improve the borrower's debt-paying ability, permit payments on indebtedness owed to or insured by the Secretary, or permit payment of reasonable costs and expenses incident to the transaction, including taxes incident to or resulting from the transaction which the borrower is unable to pay from other sources:

Provided further, That no such compromise, adjustment, or reduction shall be made hereunder after the claim has been referred to the Attorney General unless agreed to by the Attorney General.

(e) collect all claims and obligations arising or administered under this chapter, or under any mortgage, lease, contract, or agreement entered into or administered pursuant to this chapter and, if in his judgment necessary and advisable, pursue the same to final collection in any court having jurisdiction.

(f) Release mortgage and other contract liens if it appears that they have no present or prospective value or that their enforcement likely would be ineffectual or uneconomical.

Pub.L. 87-128, Title III, § 331, Aug. 8, 1961, 75 Stat. 312.

As amended Pub.L. 90-488, § 11, Aug. 15, 1968, 82 Stat. 771.

(Sec. 332) 7 U.S.C. 1982. **County committees—Appointment; term; alternates; removal for cause**

(a) The Secretary is authorized and directed to appoint in each county or area in which activities are carried on under this chapter, a county committee composed of three individuals residing in the county or area, at least two of whom at the time of appointment shall be farmers deriving the principal part of their income from farming. Committee appointments shall be for a term of three years except that the first appointments for any new committee shall be for one-, two-, and three-year periods, respectively, so as to provide continuity of committee membership. The Secretary may appoint alternate committeemen. The members of the committee and their alternates shall be removable for cause by the Secretary.

Compensation; travel expenses

(b) The rates of compensation, the number of days per month each member may be paid, and the amount to be allowed for necessary travel and subsistence expenses, shall be determined and paid by the Secretary.

Meetings; quorum; procedure; duties; supplies; personnel

(c) The committee shall meet on the call of the chairman elected by the committee or on the call of such other person as the Secretary may designate. Two members of the committee shall constitute a quorum. The Secretary shall prescribe rules governing the procedure of the committees and their duties, furnish forms and equipment necessary, and authorize and provide for the compensation of such clerical assistance as he finds may be required by any committee. Pub.L. 87-128, Title III, § 332, Aug. 8, 1961, 75 Stat. 314.

(Sec. 333) 7 U.S.C. 1983. **Special conditions and limitations on loans**

In connection with loans made or insured under this chapter, the Secretary shall require—

(a) the applicant to certify in writing that he is unable to obtain sufficient credit elsewhere to finance his actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time;

(b) except for loans under sections 1926, 1944 and 1961(b) (2) of this title, the county committee to certify in writing that the applicant meets the eligibility requirements for the loan, and has the character, industry, and ability to carry out the proposed operations, and will, in the opinion of the committee, honestly endeavor to carry out his undertakings and obligations; and for loans under said sections, the Secretary shall require the recommendation of the county committee as to the making or insuring of the loan;

(c) an agreement by the borrower that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the borrower will, upon request by the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary or the insured lender, or both, and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan;

(d) such provision for supervision of the borrower's operations as the Secretary shall deem necessary to achieve the objectives of the loan and protect the interests of the United States; and

(e) the applications of veterans for loans under subchapter I or II of this chapter to be given preference over similar applications of nonveterans on file in any county or area office at the same time. Veterans as used herein shall mean persons who served in the Armed Forces of the United States during any war between the United States and any other nation or during the Korean conflict and who were discharged or released therefrom under conditions other than dishonorable.

Pub.L. 87-128, Title III, § 333, Aug. 8, 1961, 75 Stat. 314.

As amended Pub.L. 90-488, § 12, Aug. 15, 1968, 82 Stat. 771.

(Sec. 334) 7 U.S.C. 1984.

Taxation

All property subject to a lien held by the United States or the title to which is acquired or held by the Secretary under this chapter other than property used for administrative purposes shall be subject to taxation by State, territory, district, and local political subdivisions in the same manner and to the same extent as other property is taxed: *Provided, however,* That no tax shall be imposed or collected on or with respect to any instrument if the tax is based on—

(1) the value of any notes or mortgages or other lien instruments held by or transferred to the Secretary;

(2) any notes or lien instruments administered under this chapter which are made, assigned, or held by a person otherwise liable for such tax; or

(3) the value of any property conveyed or transferred to the Secretary,

whether as a tax on the instrument, the privilege of conveying or transferring or the recordation thereof; nor shall the failure to pay or collect any such tax be a ground for refusal to record or file such instruments, or for failure to impart notice, or prevent the enforcement of its provisions in any State or Federal court. Pub.L. 87-128, Title III, § 334, Aug. 8, 1961, 75 Stat. 315.

As amended through
August 15, 1968

(Sec. 335) 7 U.S.C. 1985.

**Security servicing; operation or lease of realty;
disposition of surplus property; conveyance of
complete interest of United States; easements;
condemnations**

(a) The Secretary is authorized and empowered to make advances, without regard to any loan or total indebtedness limitation, to preserve and protect the security for or the lien or priority of the lien securing any loan or other indebtedness owing to, insured by, or acquired by the Secretary under this chapter or under any other programs administered by the Farmers Home Administration; to bid for and purchase at any execution, foreclosure, or other sale or otherwise to acquire property upon which the United States has a lien by reason of a judgment or execution arising from, or which is pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of, any such indebtedness whether or not such property is subject to other liens, to accept title to any property so purchased or acquired; and to sell, manage, or otherwise dispose of such property as hereinafter provided.

(b) Real property administered under the provisions of this chapter may be operated or leased by the Secretary for such period or periods as the Secretary may deem necessary to protect the Government's investment therein.

(c) The Secretary may determine whether real property administered under this chapter is suitable for disposition to persons eligible for assistance under subchapter I of this chapter. Any property which the Secretary determines to be suitable for such purposes shall, whenever practicable, be sold by the Secretary as expeditiously as possible to such eligible persons in a manner consistent with the provisions of subchapter I of this chapter. Real property which is not determined suitable for sale to such eligible persons or which has not been purchased by such persons within a period of three years from the date of acquisition, shall be sold by the Secretary after public notice at public sale and, if no acceptable bid is received then by negotiated sale, at the best price obtainable for cash or on secured credit without regard to the laws governing the disposition of excess or surplus property of the United States. The terms of such sale shall require an initial downpayment of at least 20 per centum and the remainder of the sales price payable in not more than five annual installments with interest on unpaid balance at the rate determined by the Secretary. Any conveyances under this section shall include all of the interest of the United States, including mineral rights.

(d) With respect to any real property administered under this chapter, the Secretary is authorized to grant or sell easements or rights-of-way for roads, utilities, and other appurtenances not inconsistent with the public interest. With respect to any rights-of-way over land on which the United States has a lien administered under this chapter, the Secretary may release said lien upon payment to the United States of adequate consideration, and the interest of the United States arising under any such lien may be acquired for highway purposes by any State or political subdivision thereof in condemnation proceedings under State law by service by certified mail upon the United States attorney for the district, the State Director of the Farmers Home Administration for the State in which the farm is located, and the Attorney General of the United States:

As amended through
August 15, 1968

Provided, however, That the United States shall not be required to appear, answer, or respond to any notice or writ sooner than ninety days from the time such notice or writ is returnable or purports to be effective, and the taking or vesting of title to the interest of the United States shall not become final under any proceeding, order, or decree until adequate compensation and damages have been finally determined and paid to the United States or into the registry of the court. Pub.L. 87-128, Title III, § 335, Aug. 8, 1961, 75 Stat. 315.

(Sec. 336) 7 U.S.C. 1986.

Conflicts of interests

No officer, attorney, or other employee of the Secretary shall, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this chapter other than such salary, fee, or other compensation as he may receive as such officer, attorney, or employee. No member of a county committee shall knowingly make or join in making any certification with respect to a loan to purchase any land in which he or any person related to him within the second degree of consanguinity or affinity has or may acquire any interest or with respect to any applicant related to him within the second degree of consanguinity or affinity. Any persons violating any provision of this section shall, upon conviction thereof, be punished by a fine of not more than \$2,000 or imprisonment for not more than two years, or both. Pub.L. 87-128, Title III, § 336, Aug. 8, 1961, 75 Stat. 316.

(Sec. 337) 7 U.S.C. 1987.

Debt adjustment and credit counseling

The Secretary may provide voluntary debt adjustment assistance between farmers and their creditors and may cooperate with State, territorial, and local agencies and committees engaged in such debt adjustment, and may give credit counseling. Pub.L. 87-128, Title III, § 337, Aug. 8, 1961, 75 Stat. 316.

(Sec. 338) 7 U.S.C. 1988.

Appropriations—Authorization

(a) There is authorized to be appropriated to the Secretary such sums as the Congress may from time to time determine to be necessary to enable the Secretary to carry out the purposes of this chapter and for the administration of assets transferred to the Farmers Home Administration.

**Notes; form and denominations; maturities; terms and conditions;
interest rate; purchase by Treasury; public debt transaction**

(b) When authorized by Congress, the Secretary is authorized to make and issue notes to the Secretary of the Treasury for the purpose of obtaining funds in such amounts as the Congress may approve annually in appropriation Acts for making direct loans under this chapter. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the notes issued by

the Secretary under this chapter. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

40
Stat.
288.
21 USC
774.

Farmers Home Administration direct loan account; deposits; liabilities; obligations; expenditures; net expenditure basis of budgeting

(c) The appropriations for loans made under the authority of subsection (a) of this section and funds obtained in accordance with subsection (b) of this section, and the unexpended balances of any funds made available for loans under the item "Farmers Home Administration" in the Department of Agriculture Appropriation Acts current on August 8, 1961, shall be merged into a single account known as the "Farmers Home Administration direct loan account", hereafter in this section called the "direct loan account". All claims, notes, mortgages, property, including those now held by the Secretary on behalf of the Secretary of the Treasury, and all collections therefrom, made or held under the direct loan provisions of (1) titles I, II, and IV of the Bankhead-Jones Farm Tenant Act, as amended; (2) the Farmers Home Administration Act of 1946, as amended, except the assets of the rural rehabilitation corporations; (3) the Act of August 28, 1937 (50 Stat. 869), as amended; (4) the item "Loans to Farmers—1948 Flood Damage" in the Act of June 25, 1948 (62 Stat. 1038); (5) the item "Loans to Farmers (Property Damage)" in the Act of May 24, 1949 (63 Stat. 82); (6) the Act of September 6, 1950 (64 Stat. 769); (7) the Act of July 11, 1956 (70 Stat. 525); (8) section 8 of the Watershed Protection and Flood Prevention Act, as amended; (9) section 32(e) of the Bankhead-Jones Farm Tenant Act, as amended; and (10) under this chapter shall be held for and deposited in said account.

50 Stat.
522,524
527. 7
USC 1001,
1007
1010.
60 Stat.
1062. 7
USC 1001
note.
16 USC
590r-
590x-4
75 Stat.
317. 7
USC 1998.
70 Stat.
1090.
7 USC
1033-
1039.
76 Stat.
607.

The notes of the Secretary issued to the Secretary of the Treasury under said Acts or under this chapter and all other liabilities against the appropriations or assets in the direct loan account shall be liabilities of said account, and all other obligations against such appropriations or assets shall be obligations of said account. Moneys in the direct loan account shall also be available for interest and principal repayments on notes issued by the Secretary to the Secretary of the Treasury. Otherwise, the balances in said account shall remain available to the Secretary for direct loans under subchapters I and II of this chapter, section 8 of the Watershed Protection and Flood Prevention Act, as amended, and section 32(e) of the Bankhead-Jones Farm Tenant Act, as amended, and for advances in connection therewith, not to exceed any existing appropriation or authorization limitations and in such further amounts as the Congress from time to time determines in appropriation Acts. The amounts so authorized for loans and advances shall remain available until expended. Subject to the foregoing limitations, the use of collections deposited in the account may be authorized by the Congress in lieu or partially in lieu of authorizing the issuing of additional notes by the Secretary to the Secretary of the Treasury, and the account shall be budgeted on a net expenditure basis.

Sale of notes and mortgages

(d) The Secretary may sell and assign any notes and mortgages in the direct loan account with the consent of the borrower or without such consent when the borrower has failed to comply with his agreement to refinance the indebtedness at the request of the Secretary. Such loans may be sold at the balance due thereon or on such other basis as the Secretary may determine from time to time.

As amended through
August 15, 1968

Distribution of real estate loans among States

(e) At least 25 per centum of the sums authorized in any fiscal year for direct loans to individuals to be made by the Secretary under subchapter I of this chapter shall be allocated equitably among the several States and territories on the basis of farm population and the prevalence of tenancy, as determined by the Secretary. Pub.L. 87-128, Title III, § 338, Aug. 8, 1961, 75 Stat. 316.

As amended Pub.L. 89-429, § 5, May 24, 1966, 80 Stat. 167.

(Sec. 339) 7 U.S.C. 1989.

Rules and regulations; delegation of powers

The Secretary is authorized to make such rules and regulations, prescribe the terms and conditions for making or insuring loans, security instruments and agreements, except as otherwise specified herein, and make such delegations of authority as he deems necessary to carry out this chapter. Pub.L. 87-128, Title III, § 339, Aug. 8, 1961, 75 Stat. 318.

(Sec. 340) 7 U.S.C. 1990.

Transfer of lands to Secretary

The President may at any time in his discretion transfer to the Secretary any right, interest, or title held by the United States in any lands acquired in the program of national defense and no longer needed therefor, which the President shall find suitable for the purposes of this chapter, and the Secretary shall dispose of such lands in the manner and subject to the terms and conditions of the chapter. Pub.L. 87-123, Title III, § 340, Aug. 8, 1961, 75 Stat. 318.

Repeals

50 Stat.
522,524,
527. 7
USC 1001,
1007,1010.
16 USC 590r-
590x-4. 12
USC 1148a-1
and note,
1148a-2
1148a-3.
12 USC 371,
84.
48 Stat.
1152;60
Stat. 1079.
68 Stat.
735.

Sec. 341. (7 U.S.C. 1921 Note) (a) Reference to any provisions of the Bankhead-Jones Farm Tenant Act or the Act of August 28, 1937 (50 Stat. 869), as amended, superseded by any provision of this title shall be construed as referring to the appropriate provision of this title. Titles I, II, and IV of the Bankhead-Jones Farm Tenant Act, as amended, and the Act of August 28, 1937 (50 Stat. 869), as amended, the Act of April 6, 1949 (63 Stat. 43), as amended, and the Act of August 31, 1954 (68 Stat. 999), as amended, are hereby repealed effective one hundred and twenty days after enactment hereof, or such earlier date as the provisions of this title are made effective by the Secretary's regulations except that the repeal of section 2(c) of the Act of April 6, 1949, shall not be effective prior to January 1, 1962. The foregoing provisions shall not have the effect of repealing the amendments to section 24, chapter 6 of the Federal Reserve Act, as amended, section 5200 of the Revised Statutes, section 35 chapter III of the Act approved June 19, 1934 (D.C. Code, title 35 section 535), enacted by section 15 of the Bankhead-Jones Farm Tenant Act, as amended, and by section 10(f) of the Act of August 28, 1937 (50 Stat. 869), as amended.

(b) The repeal of any provision of law by this title shall not--

(1) affect the validity of any action taken or obligation entered into pursuant to the authority of any of said Acts, or

(2) prejudice the application of any person with respect to receiving assistance under the provisions of this title, solely because such person is obligated to the Secretary under authorization contained in any such repealed provision.

As amended through
August 15, 1968

Public Law 87-128 - Continued

(c) If any provision of this title or the application thereof to any person or circumstance is held invalid, the remainder of the title and the application of such provision to other persons or circumstances shall not be affected thereby.

Sec. 342. This section amends Title III of the Bankhead-Jones Farm Tenant Act, as amended. It is therefore inserted at page 75 of this compilation. It is codified as 7 U.S.C. 1013a.

(Sec. 343) 7 U.S.C. 1991. **Definitions**

As used in this chapter (1) the term "farmers" shall be deemed to include persons who are engaged in, or who, with assistance afforded under this chapter, intend to engage in, fish farming, (2) the term "farming" shall be deemed to include fish farming, and (3) the term "owner-operator" shall in the State of Hawaii include the lessee-operator of real property in any case in which the Secretary determines that the land cannot be acquired in fee simple by the applicant, adequate security is provided for the loan, and there is a reasonable probability of accomplishing the objectives and repayment of the loan: *Provided*, That item (3) shall be applicable to lessee-operators of Hawaiian Homes Commission lands only when and to the extent that it is possible for such lessee-operators to meet the conditions therein set out.* As amended Pub.L. 89-586, Sept. 19, 1966, 80 Stat. 809.

*The provisions in section 343 relating to lessees of Hawaiian Homes Commission lands are effective only from September 19, 1966, through June 30, 1970. (P.L. 90-426, approved July 26, 1968)

As amended through
August 15, 1968

DISASTER RELIEF ACT OF 1969

(Sec. 1) 42 U.S.C. 1855aaa Congressional statement of policy

Congress hereby recognizes that a number of States have experienced extensive property loss and damage as a result of recent major disasters including, but not limited to, hurricanes, storms, floods, and high waters and wind-driven waters and that there is a need for special measures designed to aid and accelerate the efforts of these affected States to reconstruct and rehabilitate the devastated areas.
Pub.L. 91-79, § 1, Oct. 1, 1969, 83 Stat. 125.

(Sec. 7) 42 U.S.C. 1855fff Emergency farm loans

In the administration of the emergency loan program under sections 1961 to 1967 of Title 7 in the case of property loss or damage in any affected State resulting from a major disaster the Secretary of Agriculture—

(1) to the extent such loss or damage is not compensated for by insurance or otherwise, (A) shall at the borrower's option on that part of any loan in excess of \$500 cancel (i) the interest due on the loan, or (ii) the principal of the loan, or (iii) any combination of such interest or principal except that the total amount so cancelled shall not exceed \$1,800, and (B) may defer interest payments or principal payments, or both, in whole or in part, on such loan during the first three years of the term of the loan without regard to the ability of the borrower to make such payments

(2) may grant any loan for the repair, rehabilitation, or replacement of property damaged or destroyed, without regard to whether the required financial assistance is otherwise available from private sources, except that (A) any loan made under authority of this paragraph shall bear interest at a rate equal to the average annual interest rate on all interest-bearing obligations of the United States having maturities of 20 years or more and forming a part of the public debt as computed at the end of the fiscal year next preceding the date of the loan, adjusted to the nearest one-eighth of one per centum, and (B) no part of any loan made under authority of this paragraph shall be eligible for cancellation or deferral as authorized in paragraph (1) of this section.

(3) may in the case of the total destruction or substantial property damage of a home or business concern refinance any mortgage or other liens outstanding against the destroyed or damaged property if such financing is for the repair, rehabilitation, or replacement of property damaged or destroyed as a result of such disaster and any such refinancing shall be subject to the provisions of paragraphs (1) and (2) of this section.

Pub.L. 91-79, § 7, Oct. 1, 1969, 83 Stat. 127.

(Sec. 15) 42 U.S.C. 1855nnn Major disaster defined; termination date

(a) As used in this subchapter the term "major disaster" means a major disaster as determined by the President pursuant to subchapter I of this chapter, which disaster occurred after June 30, 1967, and on or before December 31, 1970.

(b) This subchapter, other than sections 1855ggg, 1855hhh, and 1855iii of this title, shall not be in effect after December 31, 1970, except as it applies to major disasters occurring before such date.

Pub.L. 91-79, § 15, Oct. 1, 1969, 83 Stat. 130.

PUBLIC LAW 91-229
LOANS TO INDIAN TRIBES AND TRIBAL CORPORATIONS

(Sec. 1) 25 U.S.C. 488

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to make loans from the Farmers Home Administration Direct Loan Account created by section 338(c), and to make and insure loans as provided in sections 308 and 309, of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1938(c), 1928, 1929), to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pursuant to the Indian Reorganization Act (25 U.S.C. 477), which does not have adequate uncommitted funds, to acquire lands or interests therein within the tribe's reservation as determined by the Secretary of the Interior, or within a community in Alaska incorporated by the Secretary pursuant to the Indian Reorganization Act, for use of the tribe or the corporation or the members of either. Such loans shall be limited to such Indian tribes or tribal corporations as have reasonable prospects of success in their proposed operations and as are unable to obtain sufficient credit elsewhere at reasonable rates and terms to finance the purposes authorized in this Act.

(Sec. 2) 25 U.S.C. 489 Title to land acquired by a tribe or tribal corporation with a loan made or insured pursuant to this Act may, with the approval of the Secretary of the Interior, be taken by the United States in trust for the tribe or tribal corporation.

(Sec. 3) 25 U.S.C. 490 A tribe or tribal corporation to which a loan is made or insured pursuant to this Act (1) may waive in writing any immunity from suit or liability which it may possess, (2) may mortgage or otherwise hypothecate trust or restricted property if (a) authorized by its constitution or charter or by a tribal referendum, and (b) approved by the Secretary of the Interior, and (3) shall comply with rules and regulations prescribed by the Secretary of Agriculture in connection with such loans.

(Sec. 4) 25 U.S.C. 491 Trust or restricted tribal or tribal corporation property mortgaged pursuant to this Act shall be subject to foreclosure and sale or conveyance in lieu of foreclosure, free of such trust or restrictions, in accordance with the laws of the State in which the property is located.

(Sec. 5) 25 U.S.C. 492 Loans made or insured pursuant to this Act will be subject to the interest rate provisions of section 307(a) of the Consolidated Farmers Home Administration Act of 1961, as amended, and to the provisions of subtitle D of that Act except sections 340, 341, 342, and 343 thereof: *Provided*, That section 334 thereof shall not be construed to subject to taxation any lands or interests therein while they are held by an Indian tribe or tribal corporation or by the United States in trust for such tribe or tribal corporation pursuant to this Act.

PUBLIC LAW 361 - 81st CONGRESS, 1st SESSION

AN ACT TO EXTEND FINANCIAL ASSISTANCE TO HOMESTEAD ENTRYMEN

(Sec. 1) 7 U.S.C. 1006a.

**Loans to homestead entrymen and purchasers of
lands in reclamation projects; security; first
repayment installment**

The Secretary of Agriculture is authorized to make a loan or loans for any purpose authorized by and in accordance with the terms of sections 1001-1005d, 1006, 1006c-1006e, 1007, and 1008-1029 of this title, or sections 590r-590x of Title 16, to any person eligible for assistance under said Act or sections who has made or makes a homestead entry on public land or who has contracted for or contracts for the purchase of other land of the United States in a reclamation project pursuant to the applicable provisions of the homestead and reclamation laws. Any such loans required by the Secretary of Agriculture or by law to be secured by a real-estate mortgage may be secured by a mortgage contract which shall create a lien against the land in favor of the United States acting through the Secretary of Agriculture and any patent thereafter issued shall recite the existence of such lien. The first installment for the repayment of any such loan or any other loan made under sections 1001-1005d, 1006, 1006c-1006e, 1007, and 1008-1029 of this title, or sections 590r-590x of Title 16, to the owner of a newly irrigated farm in a reclamation project, may be deferred for a period of not to exceed two years from the date of the first advance under such loan. Oct. 19, 1949, c. 697, § 1, 63 Stat. 883.

(Sec. 2) 7 U.S.C. 1006b.

**Same; cancellation on entry or purchase upon
loan default; entry or resale; conditions; satis-
faction of indebtedness**

Any entry or purchase contract land with respect to which a loan is made under the authority of sections 1006a and 1006b of this title shall be subject to cancellation by the Secretary of the Interior as provided by existing law or upon request of the Secretary of Agriculture whenever default occurs in the terms, conditions, covenants, or obligations contained in the mortgage. After cancellation or relinquishment of an entry or purchase contract, land on which there is a mortgage lien, pursuant to the provisions of said sections, shall thereafter, except as hereinafter provided, only be open to entry or resale to persons eligible for both an original entry or purchase contract and an original loan. Such entry or resale shall be subject to the outstanding balance of any amounts due the United States with respect to such land or such portion thereof as may be determined by the Secretary of Agriculture and the Secretary of the Interior, or their delegates, to be within the entryman's or purchaser's ability to pay on the basis of the long-time earning capacity of the land. If no entry or purchase is made within one year after the cancellation or relinquishment of a prior entry or purchase of land on which there is such a mortgage lien, the land shall be disposed of by the Secretary

Public Law 361 - 81st Congress, 1st Session - Continued

of Agriculture on terms consistent with the provisions of section 1017 of this title, for the satisfaction of the indebtedness secured by the mortgage, subject, however, to other outstanding charges on the land due the United States, and the purchaser of such land shall be entitled to the issuance of patent or deed upon the completion of all requirements with respect to the payment of such charges. Oct. 19, 1949, c. 697, § 2, 63 Stat. 883.

Note: Sec. 7 (43 U.S.C. 451f) of Public Law 258 (approved August 13, 1953 which permits the exchange and amendment of farm units on Federal irrigation projects) provides as follows: "Any exchange pursuant to this Act of land that is subject to a mortgage contract with the Secretary of Agriculture under the Act of October 19, 1949 (63 Stat. 883; 7 U.S.C., 1946 edition, secs. 1006a and 1006b), and any disposition pursuant to this Act of property that is subject to such a mortgage contract, shall be effected only in such form and manner and upon such terms and conditions as are consistent with the authority of the Secretary of Agriculture over such mortgage contract and such property under the Bankhead-Jones Farm Tenant Act (50 Stat. 522; 7 U.S.C., sec. 1000 et seq.), as amended, as supplemented by said Act of October 19, 1949."

PUBLIC LAW 270 - 84th CONGRESS, 1st SESSION

To authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the Act of August 11, 1939, as amended, and for other purposes.

(16 U.S.C. 590y Note)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of section 41(g), 43, and 51 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1015(g), 1017, and 1025), are hereby extended to apply on the obligations of settlers on the Agostura project in South Dakota developed under the Act of August 11, 1939, as amended (16 U.S.C. 590y-z).

As enacted August 9, 1955
No amendments

RURAL HOUSING

TITLE V, HOUSING ACT OF 1949, AS AMENDED

SUBCHAPTER III.—FARM HOUSING

(Sec. 501) 42 U.S.C. 1471. **Financial assistance by Secretary of Agriculture; definitions; conditions of eligibility**

(a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, subject to the terms and conditions of this subchapter, to extend financial assistance, through the Farmers Home Administration, (1) to owners of farms in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico and the Virgin Islands, to enable them to construct, improve, alter, repair, or replace dwellings and other farm buildings on their farms, and to purchase buildings and land constituting a minimum adequate site, in order to provide them, their tenants, lessees, sharecroppers, and laborers with decent, safe, and sanitary living conditions and adequate farm buildings as specified in this subchapter, and (2) to owners of other real estate in rural areas for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of buildings and the purchase of land constituting a minimum adequate site, in order to enable them to provide dwellings and related facilities for their own use and buildings adequate for their farming operations, and (3) to elderly persons who are or will be the owners of land in rural areas for the construction, improvement, alteration, or repair of dwellings and related facilities, the purchase of dwellings and related facilities and the purchase of land constituting a minimum adequate site, in order to provide them with adequate dwellings and related facilities for their own use, and (4) to an owner described in clause (1), (2), or (3) for refinancing indebtedness which—

(A) was incurred for an eligible purpose described in such clause,

(B) if not refinanced, is likely to result at an early date in loss of the applicant's necessary dwelling or essential farm service buildings,

(C) is not held or insured by the United States or any agency thereof, and

(D) was incurred prior to the enactment of this clause. *

(b) (1) For the purpose of this subchapter, the term "farm" shall mean a parcel or parcels of land operated as a single unit which is used for the production of one or more agricultural commodities and which customarily produces or is capable of producing such commodities for sale and for home use of a gross annual value of not less than the equivalent of a gross annual value of \$400 in 1944, as determined by the Secretary. The Secretary shall promptly determine whether any parcel or parcels of land constitute a farm for the purposes of this subchapter whenever requested to do so by any interested Federal, State, or local public agency, and his determination shall be conclusive.

(2) For the purposes of this subchapter, the terms "owner", "farm", and "mortgage" shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest which the Secretary determines has an unexpired term (A) in the case of a loan, for a period sufficiently beyond the repayment period of the loan to provide adequate security and a reasonable probability of accomplishing the objectives for which the loan is made, and (B) in the case of a grant for a period sufficient to accomplish the objectives for which the grant is made.

*November 3, 1966

As amended through
August 1, 1968

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(3) For the purposes of this subchapter, the term "elderly persons" means persons who are 62 years of age or over.

(c) In order to be eligible for the assistance authorized by subsection (a) of this section, the applicant must show (1) that he is the owner of a farm which is without a decent, safe, and sanitary dwelling for himself and his family and necessary resident farm labor, or for the family of the operating tenant, lessee, or sharecropper, or without other farm buildings adequate for the type of farming in which he engages or desires to engage, or that he is the owner of other real estate in a rural area or a rural resident without an adequate dwelling or related facilities for his own use or buildings adequate for his farming operations, or that he is an elderly person in a rural area without an adequate dwelling or related facilities for his own use, or that he is the owner of a farm or other real estate in a rural area who needs refinancing of indebtedness described in clause (4) of subsection (a); (2) that he is without sufficient resources to provide the necessary housing and buildings on his own account; and (3) that he is unable to secure the credit necessary for such housing and buildings from other sources upon terms and conditions which he could reasonably be expected to fulfill.

(d) As used in this subchapter (except in sections 1473 and 1474 (b) of this title) the terms "farm", "farm dwelling", and "farm housing", shall include dwellings or other essential buildings of eligible applicants. July 15, 1949, c. 338, Title V, § 501, 63 Stat. 432; June 30, 1961, Pub.L. 87-70, Title VIII, §§ 801(a), 803, 75 Stat. 186; Sept. 28, 1962, Pub.L. 87-723, § 4(a) (1), 76 Stat. 670.

As amended Aug. 10, 1965, Pub.L. 89-117, Title X, § 1001, 79 Stat. 497; Nov. 3, 1966, Pub.L. 89-754, Title VIII, §§ 801, 807, 80 Stat. 1282.

(Sec. 502) 42 U.S.C. 1472. Loans for housing and buildings on adequate farms—Terms of loan

(a) If the Secretary determines that an applicant is eligible for assistance as provided in section 1471 of this title and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and the occupants of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed thirty-three years from the making of the loan with interest, in the case of applicants described in clauses (1) and (2) of section 1471(a) of this title, at a rate not to exceed 5 per centum per annum on the unpaid balance of principal, and, in the case of applicants described in clause (3) of section 1471(a) of this title and applicants under sections 1473 and 1474 of this title, at a rate not to exceed 4 per centum per annum on such unpaid balance. Loans made or insured under this subchapter shall be conditioned on the borrower paying such fees and other charges as the Secretary may require. The Secretary may accept the personal liability of any person with adequate repayment ability who will cosign the applicant's note to compensate for any deficiency in the applicant's repayment ability.

Provisions of loan instrument

(b) The instruments under which the loan is made and the security given shall—

(1) provide for security upon the applicant's equity in the farm or such other security or collateral, if any, as may be found necessary by the Secretary reasonably to assure repayment of the indebtedness;

(2) provide for the repayment of principal and interest in accordance with schedules and repayment plans prescribed by the Secretary;

As amended through
August 1, 1968

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(3) contain the agreement of the borrower that he will, at the request of the Secretary, proceed with diligence to refinance the balance of the indebtedness through cooperative or other responsible private credit sources whenever the Secretary determines, in the light of the borrower's circumstances, including his earning capacity and the income from the farm, that he is able to do so upon reasonable terms and conditions;

(4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the loan with interest, protect the security, and assure that the farm will be maintained in repair and that waste and exhaustion of the farm will be prevented.

July 15, 1949, c. 338, Title V, § 502, 63 Stat. 433; June 30, 1961, Pub. L. 87-70, Title VIII, § 801(b), 75 Stat. 186; Sept. 28, 1962, Pub. L. 87-723, § 4(a) (2), 76 Stat. 671.

As amended Aug. 10, 1965, Pub. L. 89-117, Title X, § 1002, 79 Stat. 497; Nov. 3, 1966, Pub. L. 89-754, Title VIII, § 802, 80 Stat. 1282.

(Sec. 503) 42 U.S.C. 1473.

Loans for housing and buildings on potentially adequate farms; conditions and terms

If the Secretary determines (a) that, because of the inadequacy of the income of an eligible applicant from the farm to be improved and from other sources, said applicant may not reasonably be expected to make annual repayments of principal and interest in an amount sufficient to repay the loan in full within the period of time prescribed by the Secretary as authorized in this subchapter; (b) that the income of the applicant may be sufficiently increased within a period of not to exceed five years by improvement or enlargement of the farm or an adjustment of the farm practices or methods; and (c) that the applicant has adopted and may reasonably be expected to put into effect a plan of farm improvement, enlargement, or adjusted practices or production which, in the opinion of the Secretary, will increase the applicant's income from said farm within a period of not to exceed five years to the extent that the applicant may be expected thereafter to make annual repayments of principal and interest sufficient to repay the balance of the indebtedness less payments in cash and credits for the contributions to be made by the Secretary as hereinafter provided, the Secretary may make a loan in an amount necessary to provide adequate farm dwellings and buildings on said farm under the terms and conditions prescribed in section 1472 of this title. In addition, the Secretary may agree with the borrower to make annual contributions during the said five-year period in the form of credits on the borrower's indebtedness in an amount not to exceed the annual installment of interest and 50 per centum of the principal payments accruing during any installment year up to and including the fifth installment year, subject to the conditions that the borrower's income is, in fact, insufficient to enable the borrower to make payments in accordance with the plan or schedule prescribed by the Secretary and that the borrower pursues his plan of farm reorganization and improvements or enlargement with due diligence.

This agreement with respect to credits or principal and interest upon the borrower's indebtedness shall not be assignable nor accrue to the benefit of any third party without the written consent of the

As amended through
August 1, 1968

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

Secretary and the Secretary shall have the right, at his option, to cancel the agreement upon the sale of the farm or the execution or creation of any lien thereon subsequent to the lien given to the Secretary, or to refuse to release the lien given to the Secretary except upon payment in cash of the entire original principal plus accrued interest thereon less actual cash payments of principal and interest when the Secretary determines that the release of the lien would permit the benefits of this section to accrue to a person not eligible to receive such benefits. July 15, 1949, c. 338, Title V, § 503, 63 Stat. 434.

(Sec. 504) 42 U.S.C. 1474.

Special loans and grants for minor improvements; terms; loans for enlargement or development

(a) In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 1472 and 1473 of this title and that repairs or improvements should be made to a farm dwelling occupied by him, in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, and that repairs should be made to farm buildings in order to remove hazards and make such buildings safe, the Secretary may make a grant or a combined loan and grant, to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making other similar repairs or improvements. No assistance shall be extended to any one individual under this subsection in the form of a loan, grant, or combined loan and grant, in excess of \$1,500. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable in accordance with the principles and conditions set forth in this subchapter. Sums made available by grant may be made subject to the conditions set out in this subchapter for the protection of the Government with respect to contributions made on loans by the Secretary.

(b) In order to encourage adequate family-size farms the Secretary may make loans under this section and section 1473 of this title to any applicant whose farm needs enlargement or development in order to provide income sufficient to support decent, safe, and sanitary housing and other farm buildings, and may use the funds made available under clause (b) of section 1483 of this title for such purposes. July 15, 1949, c. 338, Title V, § 504, 63 Stat. 434; Sept. 28, 1962, Pub.L. 87-723, § 4(c) (3), 76 Stat. 672.

As amended Nov. 3, 1966, Pub.L. 89-754, Title VIII, § 803, 80 Stat. 1282.

42 U.S.C. 1474a Security for direct or insured rural housing loans to farmer applicants

On and after August 8, 1968, farmer applicants for direct or insured rural housing loans shall be required to provide only such collateral security as is required of owners of nonfarm tracts.*
Pub.L. 90-463, Title II, § 201, Aug. 8, 1968, 82 Stat. 651.

*This section was enacted as part of the Department of Agriculture and Related Agencies Appropriation Act, 1969, and not as an amendment to the Housing Act of 1949.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(Sec. 505) 42 U.S.C. 1475. **Moratorium on loan payments**

During any time that any such loan is outstanding, the Secretary is authorized under regulations to be prescribed by him to grant a moratorium upon the payment of interest and principal on such loan for so long a period as he deems necessary, upon a showing by the borrower that due to circumstances beyond his control, he is unable to continue making payments of such principal and interest when due without unduly impairing his standard of living. In cases of extreme hardship under the foregoing circumstances, the Secretary is further authorized to cancel interest due and payable on such loans during the moratorium. Should any foreclosure of such a mortgage securing such a loan upon which a moratorium has been granted occur, no deficiency judgment shall be taken against the mortgagor if he shall have faithfully tried to meet his obligation. July 15, 1949, c. 338, Title V, § 505, 63 Stat. 435.

(Sec. 506) 42 U.S.C. 1476. **Buildings and repairs—Construction in accordance with plans and specifications; supervision and inspection; technical services and research**

(a) In connection with financial assistance authorized in this subchapter, the Secretary shall require that all new buildings and repairs financed under this subchapter shall be substantially constructed and in accordance with such building plans and specifications as may be required by the Secretary. Buildings and repairs constructed with funds advanced pursuant to this subchapter shall be supervised and inspected, as may be required by the Secretary, by competent employees of the Secretary. In addition to the financial assistance authorized in this subchapter, the Secretary is authorized to furnish, through such agencies as he may determine, to any person, including a person eligible for financial assistance under this subchapter, without charge or at such charges as the Secretary may determine, technical services such as building plans, specifications, construction supervision and inspection, and advice and information regarding farm dwellings and other buildings.

Research and technical studies for reduction of costs and adaptation and development of fixtures and appurtenances

(b) The Secretary is further authorized to conduct research and technical studies including the development, demonstration, and promotion of construction of adequate farm dwellings and other buildings for the purpose of stimulating construction, improving the architectural design and utility of such dwellings and buildings, and utilizing new and native materials, economies in materials and construction methods, and new methods of production, distribution, assembly, and construction, with a view to reducing the cost of farm dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm use.

Research, study, and analysis of farm housing

(c) The Secretary is further authorized to carry out a program of research, study, and analysis of farm housing in the United States to develop data and information on—

- (1) the adequacy of existing farm housing;
- (2) the nature and extent of current and prospective needs for farm housing, including needs for financing and for improved design, utility, and comfort, and the best methods of satisfying such needs;
- (3) problems faced by farmers and other persons eligible under section 1471 of this title in purchasing, constructing, improving, altering, repairing, and replacing farm housing;

As amended through
August 1, 1968

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(4) the interrelation of farm housing problems and the problems of housing in urban and suburban areas; and

(5) any other matters bearing upon the provision of adequate farm housing.

Grants for research and study programs

(d) To the extent determined by him to be advisable, the Secretary may carry out the research and study programs authorized by subsections (b) and (c) of this section through grants made by him on such terms, conditions, and standards as he may prescribe to land-grant colleges established pursuant to sections 301-308 of Title 7 or through such other agencies as he may select.

July 15, 1949, c. 338, Title V, § 506, 63 Stat. 435;
June 30, 1961, Pub.L. 87-70, Title VIII, §§ 804(b) (1), 805(a), 75 Stat. 188; Sept. 28, 1962, Pub.L. 87-723, § 4(c) (2), 76 Stat. 672;
Sept. 2, 1964, Pub.L. 88-560, Title V, § 503(c), 78 Stat. 798.

As amended Aug. 10, 1965,
Pub.L. 89-117, Title X, § 1005(d), 79 Stat. 501.

(Sec. 507) 42 U.S.C. 1477.

Preferences for veterans and families of deceased servicemen

As between eligible applicants seeking assistance under sections 1471-1474, inclusive, of this title, the Secretary shall give preference to veterans and the families of deceased servicemen. As used herein, a "veteran" shall mean a person who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who was discharged or released therefrom on conditions other than dishonorable. "Deceased servicemen" shall mean persons who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who died in service before the termination of such war or such period. July 15, 1949, c. 338, Title V, § 507, 63 Stat. 436; June 30, 1953, c. 174, § 3, 67 Stat. 132; June 30, 1961, Pub.L. 87-70, Title VIII, § 804(b) (2), 75 Stat. 188.

(Sec. 508) 42 U.S.C. 1478.

Local committees to assist Secretary—Composition, appointment, and compensation; chairman; promulgation of procedural rules; forms and equipment

(a) For the purposes of this subsection and subsection (b) of this section, the Secretary may use the services of any existing committee of farmers operating (pursuant to laws or regulations carried out by the Department of Agriculture) in any county or parish in which activities are carried on under this subchapter. In any county or parish in which activities are carried on under this subchapter and in which no existing satisfactory committee is available, the Secretary is authorized to appoint a committee composed of three persons residing in the county or parish. Each member of such existing or newly appointed committee shall be allowed compensation at the rate determined by the Secretary while engaged in

As amended through
August 1, 1968

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

the performance of duties under this subchapter and, in addition, shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses. One member of the committee shall be designated by the Secretary as chairman. The Secretary shall prescribe rules governing the procedures of the committees, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistance as he deems may be required by any committee.

Duties

(b) The committees utilized or appointed pursuant to this section shall examine applications of persons desiring to obtain the benefits of this subchapter and shall submit recommendations to the Secretary with respect to each applicant as to whether the applicant is eligible to receive the benefits of this subchapter, whether by reason of his character, ability, and experience, he is likely successfully to carry out undertakings required of him under a loan or grant under this subchapter, and whether the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making of the loan or grant requested will carry out the purposes of this subchapter. The committees shall also certify to the Secretary as to the amount of the loan or grant. The committees shall, in addition, perform such other duties under this subchapter as the Secretary may require. July 15, 1949, c. 338, Title V, § 508, 63 Stat. 436; June 30, 1961, Pub.L. 87-70, Title VIII, § 806, 75 Stat. 188.

(Sec. 509) 42 U.S.C. 1479. **General powers of Secretary**

(a) The Secretary, for the purposes of this subchapter, shall have the power to determine and prescribe the standards of adequate farm housing and other buildings, by farms or localities, taking into consideration, among other factors, the type of housing which will provide decent, safe, and sanitary dwelling for the needs of the family using the housing, the type and character of the farming operations to be conducted, and the size and earning capacity of the land.

(b) The Secretary may require any recipient of a loan or grant to agree that the availability of improvements constructed or repaired with the proceeds of the loan or grant under this subchapter shall not be a justification for directly or indirectly changing the terms or conditions of the lease or occupancy agreement with the occupants of such farms to the latter's disadvantage without the approval of the Secretary. July 15, 1949, c. 338, Title V, § 509, 63 Stat. 436.

(Sec. 510) 42 U.S.C. 1480. **Administrative powers of Secretary**

In carrying out the provisions of this subchapter, the Secretary shall have the power to—

Service and supply contracts

(a) make contracts for services and supplies without regard to the provisions of section 5 of Title 41, when the aggregate amount involved is less than \$300;

As amended through
August 1, 1968

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

Subordination, subrogation, and other agreements

(b) enter into subordination, subrogation, or other agreements satisfactory to the Secretary;

Compromise of claims and obligations

(c) compromise claims and obligations arising out of sections 1472-1475 of this title, inclusive, and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into as circumstances may require, including the release from personal liability, without payments of further consideration, of—

(1) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume the outstanding indebtedness to the Secretary under this subchapter; and

(2) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume that portion of the outstanding indebtedness to the Secretary under this subchapter which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the Secretary determines that the original borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

Collection of claims and obligations

(d) collect all claims and obligations arising out of or under any mortgage, lease, contract, or agreement entered into pursuant to this subchapter and, if in his judgment necessary and advisable, to pursue the same to final collection in any court having jurisdiction: *Provided*, That the prosecution and defense of all litigation under this subchapter shall be conducted under the supervision of the Attorney General and the legal representation shall be by the United States attorneys for the districts, respectively, in which such litigation may arise and by such other attorney or attorneys as may, under law, be designated by the Attorney General;

Purchase of pledged or mortgaged property at foreclosure or other sales; operation, sale or disposition of said property

(e) bid for and purchase at any foreclosure or other sale or otherwise to acquire the property pledged or mortgaged to secure a loan or other indebtedness owing under this subchapter, to accept title to any property so purchased or acquired, to operate or lease such property for such period as may be necessary or advisable, to protect the interest of the United States therein and to sell or otherwise dispose of the property so purchased or acquired by such terms and for such considerations as the Secretary shall determine to be reasonable and to make loans as provided herein to provide adequate farm dwellings and buildings for the purchasers of such property;

Utilization of indebtedness

(f) utilize with respect to the indebtedness arising from loans and payments made under this subchapter, all the powers and authorities given to him under sections 1150-1150b of Title 12;

As amended through
August 1, 1968

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

Rules and regulations

(g) make such rules and regulations as he deems necessary to carry out the purposes of this subchapter. July 15, 1949, c. 338, Title V, § 510, 63 Stat. 437.

(Sec. 511) 42 U.S.C. 1481. Issuance of notes and obligations for loan funds; amount; limitation; security; form and denomination; interest; purchase and sale by Treasury; public debt transaction

The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making direct loans under this subchapter. The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending October 1, 1969, shall not exceed \$850,000,000. The notes and obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this subchapter and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each such note or other obligation shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note or other obligation is issued, which are neither due nor callable for redemption for 15 years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or obligations shall be treated as public debt transactions of the United States. As amended Aug. 10, 1965, Pub.L. 89-117, Title X, § 1003(b), 79 Stat. 500.

(Sec. 512) 42 U.S.C. 1482. Contribution commitments

In connection with loans made pursuant to section 1473 of this title, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending October 1, 1969. As amended Aug. 10, 1965, Pub.L. 89-117, Title X, § 1005(a), 79 Stat. 501.

(Sec. 513) 42 U.S.C. 1483. Appropriations

There is authorized to be appropriated to the Secretary (a) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 1481 of this title equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 1473 of this title, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; (b) not to exceed \$50,000,000 for grants pursuant to section 1474(a) of this title and loans pursuant to section 1474(b) of this title during the period beginning July 1, 1956, and ending October 1, 1973; (c) not to exceed \$50,000,000 for financial assistance pursuant to section 1486 of this title for the period ending October 1, 1973; (d) not to exceed \$250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 1476 of this title during the period beginning July 1,

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

1961, and ending October 1, 1973; (e) such further sums as may be necessary to enable the Secretary to carry out the provisions of this subchapter; and (f) such sums as may be required by the Secretary to administer the provisions of sections 1715z and 1715z—1 of Title 12.

As amended Aug. 10, 1965, Pub.L. 89-117, Title X, § 1005(b), 79 Stat. 501; Aug. 1, 1968, Pub.L. 90-448, Title X, § 1003, 82 Stat. 553; Sept. 30, 1969, Pub. L. 91-78, Title I, Sec. 1, 83 Stat. 125; Dec. 24, 1969, Pub.L. 91-152, Title IV, § 413(a), 83 Stat. 398.

(Sec. 514) 42 U.S.C. 1484). **Insurance of loans for housing and related facilities for domestic farm labor—Authorization; terms and conditions**

(a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm, any association of farmers, any State or political subdivision thereof, or any public or private nonprofit organization for the purpose of providing housing and related facilities for domestic farm labor in accordance with terms and conditions substantially identical with those specified in section 1472 of this title; except that—

(1) no such loan shall be insured in an amount in excess of the value of the farm involved less any prior liens in the case of a loan to an individual owner of a farm, or the total estimated value of the structures and facilities with respect to which the loan is made in the case of any other loan;

(2) no such loan shall be insured if it bears interest at a rate in excess of 5 per centum per annum;

(3) out of interest payments by the borrower the Secretary shall retain a charge in an amount not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan;

(4) the insurance contracts and agreements with respect to any loan may contain provisions for servicing the loan by the Secretary or by the lender, and for the purchase by the Secretary of the loan if it is not in default, on such terms and conditions as the Secretary may prescribe; and

(5) the Secretary may take mortgages creating a lien running to the United States for the benefit of the insurance fund referred to in subsection (b) of this section notwithstanding the fact that the note may be held by the lender or his assignee.

Utilization of farm tenant mortgage insurance fund; additions to and deposits in fund; deposits in Treasury

(b) The Secretary shall utilize the insurance fund created by section 1005a of Title 7 and the provisions of section 1005c(a), (b), and (c) of Title 7 to discharge obligations under insurance contracts made pursuant to this section, and

(1) the Secretary may utilize the insurance fund to pay taxes, insurance, prior liens, and other expenses to protect the security for loans which have been insured hereunder and to acquire such security property at foreclosure sale or otherwise;

(2) the notes and security therefor acquired by the Secretary under insurance contracts made pursuant to this section shall become a part of the insurance fund. Loans insured under this section may be held in the fund and collected in accordance with

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

their terms or may be sold and reinsured. All proceeds from such collections, including the liquidation of security and the proceeds of sales, shall become a part of the insurance fund; and

(3) of the charges retained by the Secretary out of interest payments by the borrower, amounts not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan shall be deposited in and become a part of the insurance fund. The remainder of such charges shall be deposited in the Treasury of the United States and shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually to and become merged with any appropriation for such expenses.

**Insurance contract; obligation of the United States;
incontestability**

(c) Any contract of insurance executed by the Secretary under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

Maximum obligations

(d) The aggregate amount of the principal obligations of the loans insured under this section shall not exceed \$25,000,000 in any one fiscal year.

Administrative expenses

(e) Amounts made available pursuant to section 1483 of this title shall be available for administrative expenses incurred under this section.

Definitions

(f) As used in this section—

(1) the term "housing" means (A) new structures suitable for dwelling use by domestic farm labor, and (B), existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement; and

(2) the term "related facilities" means (A) new structures suitable for use as dining halls, community rooms or buildings, or infirmaries, or for other essential services facilities, ~~and~~ (B) existing structures which can be made suitable for the above uses by rehabilitation, alteration, conversion, or improvement and (C) land necessary for an adequate site; and

(3) the term "domestic farm labor" means persons who receive a substantial portion (as determined by the Secretary) of their income as laborers on farms situated in the United States and either (A) are citizens of the United States or (B) reside in the United States after being legally admitted for permanent residence therein.

July 15, 1949, c. 338, Title V, § 514, as added June 30, 1961, Pub.L. 87-70, Title VIII, § 804(a), 75 Stat. 186, and amended Sept. 2, 1964, Pub.L. 88-560, Title V, § 502, 78 Stat. 796.

As amended Aug. 1, 1968, Pub.L. 90-448, Title X, § 1004, 82 Stat. 553.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(Sec. 515) 42 U.S.C. 1485 **Housing and related facilities for elderly persons and families or other persons and families of low income—Direct loans; authorization; terms and conditions; revolving fund; appropriations**

(a) The Secretary is authorized to make loans to private nonprofit corporations and consumer cooperatives to provide rental or cooperative housing and related facilities for elderly persons and elderly families of low or moderate income or other persons and families of low income in rural areas, in accordance with terms and conditions substantially identical with those specified in section 1472 of this title; except that—

(1) no such loan shall exceed the development cost or the value of the security, whichever is less;

(2) such loans shall bear interest at rates determined by the Secretary, not to exceed the maximum rate provided in section 1701q(a) (3) of Title 12; and

(3) such a loan may be made for a period of up to fifty years from the making of the loan.

There is authorized to be appropriated not to exceed \$50,000,000, which shall constitute a revolving fund to be used by the Secretary in carrying out this subsection.

Insurance of loans; authorization; terms and conditions; utilization of Agricultural Credit Insurance Fund; expiration date

(b) The Secretary is authorized to insure and make commitments to insure loans made to any individual, corporation, association, trust, or partnership to provide rental or cooperative housing and related facilities for elderly persons and elderly families or other persons and families of moderate income in rural areas, in accordance with terms and conditions substantially identical with those specified in section 1472 of this title; except that—

(1) no such loan shall exceed \$300,000 or the development cost or the value of the security, whichever is least;

(2) such loans shall bear interest at rates determined by the Secretary, not to exceed the maximum rate provided in section 1709(b) (5) of Title 12;

(3) provide for complete amortization by periodic payments within such term as the Secretary may prescribe;

(4) for insuring such loans, the Secretary shall utilize the Agricultural Credit Insurance Fund subject to all the provisions of section 1929 of Title 7 and the second and third sentences of section 1928 of Title 7, including the authority in section 1929 (f) (1) of Title 7 to utilize the insurance fund to make, sell, and insure loans which could be insured under this subsection; but the aggregate of the principal amounts of such loans made by the Secretary and not disposed of shall not exceed \$10,000,000 outstanding at any one time; and the Secretary may take liens running to the United States though the notes may be held by other lenders; and

(5) no loan shall be insured under this subsection after October 1, 1973.

Construction requirements

(c) No loan shall be made or insured under subsection (a) or (b) of this section unless the Secretary finds that the construction involved will be undertaken in an economical manner and will not be of elaborate or extravagant design or materials.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

Definitions

(d) As used in this section—

(1) the term "housing" means new or existing housing suitable for dwelling use by occupants eligible under this section;

(2) the term "related facilities" includes cafeterias or dining halls, community rooms or buildings, appropriate recreation facilities, and other essential service facilities;

(3) the term "elderly persons" means persons who are 62 years of age or over; and the term "elderly families" means families the head of which (or his spouse) is 62 years of age or over; and

(4) the term "development cost" means the cost of constructing, purchasing, improving, altering, or repairing new or existing housing and related facilities and purchasing and improving the necessary land, including necessary and appropriate fees and charges approved by the Secretary. Such fees and charges may include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities.

Administrative expenses

(e) Amounts made available pursuant to section 1483 of this title shall be available for administrative expenses incurred under this section. July 15, 1949, c. 338, Title V, § 515, as added Sept. 28, 1962, Pub.L. 87-723, § 4(b), 76 Stat. 671, and amended June 30, 1964, Pub.L. 88-340, 78 Stat. 233; Sept. 2, 1964, Pub.L. 88-560, Title V, § 501(d), 78 Stat. 796.

As amended Aug. 10, 1965, Pub.L. 89-117, Title X, § 1005(c), 79 Stat. 501; Nov. 3, 1966, Pub.L. 89-754, Title VIII, §§ 804, 805, 80 Stat. 1282. Sept. 30, 1969, Pub. L. 91-78, Sec. 1, 83 Stat. 125; Dec. 24, 1969, Pub.L. 91-152, Title IV, § 413(a), 83 Stat. 398.

(Sec. 516) 42 U.S.C. 1486 **Financial assistance to provide low-rent housing for domestic farm labor—Application; considerations**

(a) Upon the application of any State or political subdivision thereof, or any public or private nonprofit organization, the Secretary is authorized to provide financial assistance for the provision of low-rent housing and related facilities for domestic farm labor, if he finds that—

(1) the housing and related facilities for which financial assistance is requested will fulfill a pressing need in the area in which such housing and facilities will be located, and there is reasonable doubt that the same can be provided without financial assistance under this section;

(2) the applicant will contribute, from its own resources or from funds borrowed under section 1484 of this title or elsewhere, at least one-third of the total development cost;

(3) the types of housing and related facilities to be provided are most practical, giving due consideration to the purposes to be served thereby and the needs of the occupants thereof; and

(4) the construction will be undertaken in an economical manner, and the housing and related facilities will not be of elaborate or extravagant design or material.

Maximum amount of assistance

(b) The amount of any financial assistance provided under this section for low-rent housing and related facilities shall not exceed

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

two-thirds of the total development cost thereof, as determined by the Secretary, less such amount as the Secretary determines can be practicably obtained from other sources (including a loan under section 1484 of this title).

**Prerequisite agreements; rentals; safety and sanitation standards;
priority of domestic farm labor**

(c) No financial assistance for low-rent housing and related facilities shall be made available under this section unless, to any extent and for any periods required by the Secretary, the applicant agrees—

(1) that the rentals charged domestic farm labor shall not exceed such amounts as may be approved by the Secretary, giving due consideration to the income and earning capacity of the tenants, and the necessary costs of operating and maintaining such housing;

(2) that such housing shall be maintained at all times in a safe and sanitary condition in accordance with such standards as may be prescribed by State or local law, or, in the absence of such standards, in accordance with such minimum requirements as the Secretary shall prescribe; and

(3) an absolute priority will be given at all times in granting occupancy of such housing and facilities to domestic farm labor.

Payments; contracts to specify uses of housing

(d) The Secretary may make payments pursuant to any contract for financial assistance under this section at such times and in such manner as may be specified in the contract. In each contract, the Secretary shall include such covenants, conditions, or provisions as he deems necessary to insure that the housing and related facilities, for which financial assistance is made available, be used only in conformity with the provisions of this section.

Regulations for prevention of waste

(e) The Secretary shall prescribe regulations to insure that Federal funds expended under this section are not wasted or dissipated.

**Wages; labor standards; waiver; authority and functions
of Secretary**

(f) All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary which are undertaken by approved applicants under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Secretary shall not extend any financial assistance under this section for any project without first obtaining adequate assurance that these labor standards will be maintained on the construction work; except that compliance with such standards may be waived by the Secretary in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without compensation for the purpose of lowering the costs of construction and the Secretary determines that any amounts thereby saved are fully credited to the person, corporation, association, organization, or other entity undertaking the project. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950, and section 276c of Title 40.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

Definitions

(g) As used in this section—

(1) the term "low-rent housing" means rental housing within the financial reach of families of low income consisting of (A) new structures suitable for dwelling use by domestic farm labor, and (B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement;

(2) the terms "related facilities" and "domestic farm labor" shall have the meaning assigned to them in section 1484(f) of this title; and

(3) the term "development cost" shall have the meaning assigned to it in section 1485(d) (4) of this title.

July 15, 1949, c. 338, Title V, § 516, as added Sept. 2, 1964, Pub.L. 88-560, Title V, § 503(a), 78 Stat. 796.

(Sec. 517) 42 U.S.C. 1487

Rural Housing Insurance Fund—Authority to make and insure loans for housing and buildings on adequate farms; restrictions

(a) The Secretary may insure loans meeting the requirements of section 1472 of this title, and may make loans in accordance with the requirements of such section to be sold and insured; except that such loans shall—

(1) if the borrowers are persons of low or moderate income (as defined by the Secretary), (A) not exceed amounts necessary to provide adequate housing, modest in size, design, and cost (as determined by the Secretary), and (B) bear interest at a rate not to exceed 5 per centum per annum; but no loan under this paragraph shall be insured or made after October 1, 1973, except pursuant to a commitment entered into before that date; and

(2) if the borrowers are persons other than those described in clause (1), bear interest and provide for insurance or service charges at rates comparable to the combined rate of interest and premium charges in effect under section 1709 of Title 12, as determined by the Secretary.

Authority to make and insure loans for housing and related facilities for domestic farm labor and elderly persons

(b) The Secretary may insure loans in accordance with the requirements of sections 1484 of this title (exclusive of subsections (a) (3), (a) (5), and (b) thereof), 1485 of this title (exclusive of subsections (a) and (b) (4) thereof), and 1490d of this title, and may make loans meeting such requirements to be sold and insured. Upon the expiration of ninety days after the original capitalization of the Rural Housing Insurance Fund, created by subsection (e) of this section, no new loans shall be made or insured under section 1484 or 1485(b) of this title, except in conformity with this section.

Use of funds from Rural Housing Insurance Fund for loans

(c) The Secretary may use the Rural Housing Insurance Fund for the purpose of making loans to be sold and insured under this section.

Authority to insure payment of interest and principal; liens; assignability of notes evidencing loans

(d) The Secretary may, in conformity with subsections (a), (b), and (m) of this section, insure the payment of principal and interest as it becomes due on loans made by lenders other than the United States, and on loans made from or otherwise acquired by the Rural Housing Insurance Fund which are sold by the Secretary. Any contract of insurance executed by the Secretary hereunder shall be an obligation supported by the full faith and credit of the United States, and shall be incontestable ex-

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

cept for fraud or material misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section, the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable, but the Secretary shall not be bound by any such assignment until notice thereof is given to and acknowledged by him.

Rural Housing Insurance Fund; creation; authorization of appropriations

(e) There is hereby created the Rural Housing Insurance Fund (hereinafter referred to as the "Fund") which shall be used by the Secretary as a revolving fund for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Fund.

Investment of excess Fund moneys

(f) Money in the Fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.

Fund assets and liabilities; sale of loans; agreements for servicing and purchasing loans

(g) All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and proceeds therefrom, shall constitute assets of the Fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the Fund. Loans may be held in the Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof. The Secretary is authorized to make agreements with respect to servicing loans held or insured by him under this section and purchasing such insured loans on such terms and conditions as he may prescribe.

Issuance of notes; form and denominations; interest rate; purchase by Secretary of the Treasury; debt transactions

(h) The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the Fund, but, except as may be authorized in appropriation Acts, not for the original or any additional capital of the Fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include purchases of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the Fund.

Retention of annual charge; administrative expenses; merger of funds

(i) The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the Fund. Any retained charges not deposited in the Fund shall be available for administrative expenses in carrying out the provisions of this subchapter, to be transferred annually, and become

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

merged with any appropriation for administrative expenses of the Farmers Home Administration, when and in such amounts as may be authorized in appropriation Acts.

Additional uses of Fund moneys

(j) The Secretary may also utilize the Fund—

(1) to pay amounts to which the holder of the note is entitled in accordance with an insurance or sale agreement under this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of any such prepayments to the holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, or pursuant to a purchase agreement, the entire balance outstanding on the note; and

(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security property at foreclosure sale or otherwise.

Sale of loans as sale of assets.

(k) Any sale by the Secretary of loans individually or in blocks, pursuant to subsections (c) and (g) of this section shall be treated as a sale of assets for the purposes of the Budget and Accounting Act, 1921, notwithstanding the fact that the Secretary, under an agreement with the purchaser, holds the debt instruments evidencing the loans and holds or reinvests payments thereon as trustee and custodian for the purchaser.

Commitments to make or insure loans to lenders, builders, or sellers; terms and conditions

(l) The Secretary may also, upon the application of lenders, builders, or sellers and upon compliance with requirements specified by him, make commitments upon such terms and conditions as he shall prescribe to make or insure loans under this section to eligible applicants.

Transfer of assets, liabilities, and authorizations of Rural Housing Direct Loan Account to Fund; abolition of Account; applicability of provisions

(m) The assets and liabilities of, and authorizations applicable to, the Rural Housing Direct Loan Account are hereby transferred to the Fund, and such Account is hereby abolished. Such assets and their proceeds, including loans made out of the Fund pursuant to this section, shall be subject to all of the provisions of this section.

July 15, 1949, c. 338, Title V, § 517, as added Aug. 10, 1965, Pub.L. 89-117, Title X, § 1003(a), 79 Stat. 498, and amended Nov. 3, 1966, Pub.L. 89-754, Title VIII, § 806, 80 Stat. 1282; Sept. 30, 1969, Pub. L. 91-78, Sec. 1, 83 Stat. 125, Dec. 24, 1969, Pub.L. 91-152, Title IV, § 413(a)-(e) (2), (b) (2), 83 Stat. 398-400.

(Sec. 518) 42 U.S.C. 1488

Rural Housing Direct Loan Account—Creation; authorization of appropriations

Repealed. Pub.L. 91-152, Title IV, § 413(e) (3), Dec. 24, 1969, 83 Stat. 399. But see subsection (m) of preceding section and page 37A.

(Sec. 519) 42 U.S.C. 1489 Transfer of excess funds out of Rural Housing Insurance Fund

Any sums in the Rural Housing Insurance Fund which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of such Fund shall be returned to miscellaneous receipts of the Treasury. July 15, 1949, c. 338, Title V, § 519, as added Aug. 10, 1965, Pub.L. 89-117, Title X, § 1006, 79 Stat. 501. As amended Dec. 24, 1969, Pub.L. 91-152, Title IV, § 413(e) (4), 83 Stat. 399.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

R E P E A L E D

(Sec. 518) 42 U.S.C. 1488

Rural Housing Direct Loan Account—Creation; authorization of appropriations

(a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the "Account") which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

Composition of Account; deposit in Account of collections and proceeds from assets acquired thereby

(b) There are transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this subchapter, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 1481 of this title and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this subchapter, including the fund authorized by section 1485(a) of this title. All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

Issuance of notes to Secretary of the Treasury; terms and conditions of notes; purchase by Secretary of the Treasury; debt transactions

(c) When and in such amounts as may be authorized in appropriation Acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

Utilization of Account funds

(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 1481 of this title or this section, and for direct loans and related advances under this subchapter in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation Acts. Amounts so authorized for such loans and advances shall remain available until expended. July 15, 1949, c. 338, Title V, § 518, as added Aug. 10, 1965, Pub.L. 89-117, Title X, § 1003(a), 79 Stat. 500.

This section was repealed by section 413(e) of P.L. 91-152. However, it remains pertinent since 42 U.S.C. 1487(m) (p. 37) transferred to the Rural Housing Insurance Fund the assets and liabilities of, and authorizations applicable to, the Rural Housing Direct Loan Account.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(Sec. 520) 42 U.S.C. 1490 Definitions

As used in this subchapter, the terms "rural" and "rural area" mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 5,500 if it is rural in character. July 15, 1949, c. 338, Title V, § 520, as added Aug. 10, 1965, Pub.L. 89-117, Title X, § 1007, 79 Stat. 502.

(Sec. 521) 42 U.S.C. 1490a Loans to provide occupant-owned, rental, and cooperative housing for low and moderate income persons and families—Interest rates; determination that needs of applicant cannot be met with assistance from other sources

(a) Notwithstanding the provisions of sections 1472, 1487(a) and 1485 of this title, loans to persons of low or moderate income under section 1472 or 1487(a) (1) of this title, and loans under section 1485 of this title to provide rental or cooperative housing and related facilities for persons and families of low or moderate income or elderly persons and elderly families, shall bear interest at a rate prescribed by the Secretary at not less than a rate determined annually by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less not to exceed the difference between the adjusted rate determined by the Secretary of the Treasury and 1 per centum per annum: *Provided*, That such a loan may be made only when the Secretary determines the needs of the applicant for necessary housing cannot be met with financial assistance from other sources including assistance under section 1715z or 1715z—1 of Title 12: *Provided further*, That interest on loans under section 1472 or 1487(a) of this title to victims of natural disaster shall not exceed the rate which would be applicable to such loans under section 502 without regard to this section.

Location in rural areas; inclusion of qualified nonrural residents who will become rural residents

(b) Housing and related facilities provided with loans described in subsection (a) of this section shall be located in rural areas; and applicants eligible for such loans under section 1472 or 1487(a) (1) of this title, or for occupancy of housing provided with such loans under section 1485 of this title, shall include otherwise qualified nonrural residents who will become rural residents.

Reimbursement of Rural Housing Insurance Fund

(c) There shall be reimbursed to the Rural Housing Insurance Fund by annual appropriations the amounts by which nonprincipal payments made from the fund during each fiscal year to the holders of insured loans described in subsection (a) of this section exceed interest due from the borrowers during each year; and the Secretary from time to time may issue notes to the Secretary of the Treasury under section 1487(h) of this title to obtain amounts equal to such unreimbursed excess payments, pending the annual reimbursement by appropriation. July 15, 1949, c. 338, Title V, § 521, as added Aug. 1, 1968, Pub.L. 90-448, Title X, § 1001, 82 Stat. 551.

(Sec. 522) 42 U.S.C. 1490b Housing for rural trainees—Authorization; financial and technical assistance; selection of training sites and location of housing

(a) Upon the application of any State or political subdivision thereof, or any public or private nonprofit organization, the Secretary is authorized, after consultation with the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, and the Director of the Office of Economic Opportunity, and after the Secretary determines that the housing and related facilities cannot reasonably be provided in any other way, to provide financial and

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

technical assistance for the establishment, in rural areas, of housing and related facilities for trainees and their families who are residents of a rural area and have a rural background, while such trainees are enrolled and participating in training courses designed to improve their employment capability. The selection of training sites and location of housing shall be made with due regard to the economic viability of the area, and only after consideration of a labor area survey and full coordination among all Government agencies having primary responsibility for administering related programs.

Quality of housing and related facilities; design and location

(b) Housing and related facilities assisted under this section shall be safe and sanitary, constructed in the most economical manner, and of modest design, giving due consideration to the purposes to be served and the needs of the occupants, and may, in the discretion of the Secretary, include mobile family quarters. Design and location shall be such as to facilitate, as feasible, the use of such housing and related facilities for other purposes when no longer needed for the primary purpose.

Contribution of land by applicant

(c) The applicant shall contribute the necessary land, or funds to acquire such land, from its own resources, including land acquired by donation or from funds repayable under subsection (e) of this section or borrowed from other sources.

Conditions precedent to grant of financial assistance

(d) No financial assistance shall be made available under this section unless, to the extent and for the periods required by the Secretary, the applicant agrees that—

(1) such housing will be maintained at all times in a safe and sanitary condition in accordance with standards prescribed by State or local law, or, in the absence of such standards, with requirements prescribed by the Secretary;

(2) priority shall be given at all times, in granting occupancy of such housing and facilities, to the trainees and their families described in subsection (a) of this section; and

(3) rentals charged them shall not exceed amounts approved by the Secretary after considering the portion of the actual total family income which the family can afford to pay for rent while meeting its other immediate needs during occupancy.

Advances; repayment; limitation on amount

(e) The Secretary may make advances pursuant to any contract for financial assistance under this section at such times and in such manner as may be specified in the contract. Such advances for the purchase of land shall be repayable with interest and within a period not to exceed thirty-three years and may be made upon such security, if any, as the Secretary requires. Advances for other purposes may be made repayable with or without interest or nonrepayable, as determined by the Secretary on the basis of the anticipated income and cost of operation of the housing and related facilities and the ability of each applicant to finance such facilities. Any advances shall be limited to cover the capital costs of constructing such facilities, plus interest on borrowings to cover such costs.

Sale of housing and related facilities to ineligible transferee or diversion to use other than primary purpose; repayment of advances; return of property to original condition

(f) Should housing and related facilities assisted pursuant to a contract under this section be sold to an ineligible transferee or diverted to a use other than its primary purpose within a period specified in the contract, all advances made under such contract shall be repaid to the Secretary, up to the amount of the sales price or the fair value of the property as determined by the Secretary, whichever is higher, with interest from the date of the sale or diversion. If no suitable alternate use of the property is available, as determined by the Secretary, after the purpose of this section can no longer be served, the property shall be returned to its original condition by the recipient of the assistance.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

Interest on advances

(g) Interest charged on advances made under this section shall be at a rate, prescribed by the Secretary, which shall be not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less not to exceed the difference between the adjusted rate determined by the Secretary of the Treasury and 1 per centum per annum, as determined by the Secretary.

Regulations

(h) The Secretary shall prescribe regulations to insure that Federal funds expended under this section are not wasted or dissipated.

Definitions

(i) As used in this section (1) the term "related facilities" shall include any necessary community rooms or buildings, infirmaries, utilities, access roads, water and sewer services, and the minimum fixed or movable equipment determined by the Secretary to be necessary to make the housing reasonably habitable by trainees and their families; and (2) the term "trainee" means any person receiving training under any federally assisted training program.

Authorization of appropriations

(j) There are authorized to be appropriated such sums as may be necessary to carry out this section.
July 15, 1949, c. 338, Title V, § 522, as added Aug. 1, 1968, Pub.L. 90-448, Title X, § 1002, 82 Stat. 551.

(Sec. 523) 42 U.S.C. 1490c

Mutual and self-help housing—Purpose

(a) The purposes of this section are (1) to make financial assistance available on reasonable terms and conditions in rural areas and small towns to needy low-income individuals and their families who, with the benefit of technical assistance and overall guidance and supervision, participate in approved programs of mutual or self-help housing by acquiring and developing necessary land, acquiring building materials, providing their own labor, and working cooperatively with others for the provision of decent, safe, and sanitary dwellings for themselves, their families, and others in the area or town involved, and (2) to facilitate the efforts of both public and private nonprofit organizations providing assistance to such individuals to contribute their technical and supervisory skills toward more effective and comprehensive programs of mutual or self-help housing in rural areas and small towns wherever necessary.

Contract authority; establishment of Self-Help Housing Land Development Fund; authorization to make loans; conditions of loan

(b) In order to carry out the purposes of this section, the Secretary of Agriculture (in this section referred to as the "Secretary") is authorized—

(1) (A) to make grants to, or contract with, public or private nonprofit corporations, agencies, institutions, organizations, and other associations approved by him, to pay part or all of the costs of developing, conducting, administering, or coordinating effective and comprehensive programs of technical and supervisory assistance which will aid needy low-income individuals and their families in carrying out mutual or self-help housing efforts; and

(B) to establish the Self-Help Housing Land Development Fund, referred to herein as the Self-Help Fund, to be used by the Secretary as a revolving fund for making loans, on such terms and conditions and in such amounts as he deems necessary, to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to families, nonprofit organizations, and cooperatives eligible for assistance under section 1715z or 1715z—1 of Title 12 or section 1490a of this title.
Such a loan, with interest at a rate

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

not to exceed 3 percent per annum, shall be repaid within a period not to exceed two years from the making of the loan, or within such additional period as may be authorized by the Secretary in any case as being necessary to carry out the purposes hereof; and

(2) to make loans, on such terms and conditions and in such amounts as he deems necessary, to needy low-income individuals participating in programs of mutual or self-help housing approved by him, for the acquisition and development of land and for the purchase of such other building materials as may be necessary in order to enable them, by providing substantially all of their own labor, and by cooperating with others participating in such programs, to carry out to completion the construction of decent, safe, and sanitary dwellings for such individuals and their families, subject to the following limitations:

(A) there is reasonable assurance of repayment of the loan;

(B) the amount of the loan, together with other funds which may be available, is adequate to achieve the purpose for which the loan is made;

(C) the credit assistance is not otherwise available on like terms or conditions from private sources or through other Federal, State, or local programs;

(D) the loan bears interest at a rate not to exceed 3 percentum per annum on the unpaid balance of principal, plus such additional charge, if any, toward covering other costs of the loan program as the Secretary may determine to be consistent with its purposes; and

(E) the loan is repayable within not more than thirty-three years.

Considerations for financial assistance

(c) In determining whether to extend financial assistance under paragraph (1) or (2) of subsection (b) of this section, the Secretary shall take into consideration, among other factors, the suitability of the area within which construction will be carried out to the type of dwelling which can be provided under mutual or self-help housing programs, the extent to which the assistance will facilitate the provision of more decent, safe, and sanitary housing conditions than presently exist in the area, the extent to which the assistance will be utilized efficiently and expeditiously, the extent to which the assistance will effect an increase in the standard of living of low-income individuals participating in the mutual or self-help housing program, and whether the assistance will fulfill a need in the area which is not otherwise being met through other programs, including those carried out by other Federal, State, or local agencies.

Definition

(d) As used in this section, the term "construction" includes the erection of new dwellings, and the rehabilitation, alteration, conversion, or improvement of existing structures.

Establishment of appropriate criteria and procedures for determining eligibility of applicants

(e) The Secretary is authorized to establish appropriate criteria and procedures in order to determine the eligibility of applicants for the financial assistance provided under this section, including criteria and procedures with respect to the periodic review of any construction carried out with such financial assistance.

Authorization of appropriations; termination date

(f) There are hereby authorized to be appropriated for each fiscal year commencing after June 30, 1968, and ending prior to July 1, 1973, such sums, not in excess of \$5,000,000 for any such fiscal year, as may be necessary to carry out the provisions of this section. No grant or loan may be made or contract entered into under the authority of this section after June 30, 1973, except pursuant to a commitment or other obligation entered into pursuant to this section before that date.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

Authorization of appropriations for purposes of subsection (b) (1) (B) of this section; deposit in Self-Help Fund; instruments and property acquired as assets of fund; deposit of repayments

(g) There are hereby authorized to be appropriated for the purposes of subsection (b) (1) (B) of this section not to exceed \$1,000,000 for the fiscal year ending June 30, 1969, and not to exceed \$2,000,000 for the fiscal year ending June 30, 1970. Any amount so authorized to be appropriated for any fiscal year which is not appropriated may be appropriated for any succeeding fiscal year or years. Amounts appropriated under this subsection shall be deposited in the Self-Help Fund, which shall be available without fiscal year limitation for making loans under subsection (b) (1) (B) of this section. Instruments and property acquired by the Secretary in or as a result of making such loans shall be assets of the Self-Help Fund. Sums received from the repayment of such loans shall be deposited in and be a part of the Self-Help Fund. July 15, 1949, c. 338, Title V, § 523, as added Aug. 1, 1968, Pub.L. 90-448, Title X, § 1005, 82 Stat. 553.

(Sec. 524) 42 U.S.C. 1490d Loans to nonprofit organizations to provide building sites for eligible families, nonprofit organizations, and cooperatives; interest rates; factors determinative of making loan

(a) The Secretary may make loans, on such terms and conditions and in such amounts as he deems necessary, to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to families, nonprofit organizations, and cooperatives eligible for assistance under section 1715z or 1715z-1 of Title 12 or section 1490a of this title. Such a loan shall bear interest at a rate prescribed by the Secretary taking into consideration a rate determined annually by the Secretary of the Treasury as the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, and shall be repaid within a period not to exceed two years from the making of the loan or within such additional period as may be authorized by the Secretary in any case as being necessary to carry out the purposes of this section.

(b) In determining whether to extend financial assistance under this section, the Secretary shall take into consideration, among other factors, (1) the suitability of the area to the types of dwellings which can feasibly be provided, and (2) the extent to which the assistance will (i) facilitate providing needed decent, safe, and sanitary housing, (ii) be utilized efficiently and expeditiously, and (iii) fulfill a need in the area which is not otherwise being met through other programs, including those being carried out by other Federal, State, or local agencies. July 15, 1949, c. 338, Title V, § 524, as added Dec. 24, 1969, Pub.L. 91-152, Title IV, § 413(f) (1), 83 Stat. 399.

NOTE:

Sec. 804 (c), Housing Act of 1961, reads as follows:

The first paragraph of section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended by inserting after "the Act of August 28, 1937, as amended" the following:", or title V of the Housing Act of 1949, as amended".

Sec. 4 (c) (4), Senior Citizens Housing Act of 1962, reads as follows:

Paragraph (12) of section 5200 of the Revised Statutes (12 U.S.C. 84) is amended by inserting "or title V of the Housing Act of 1949," immediately before "shall be subject under this section".

Sec. 1004 of the Housing and Urban Development Act of 1965 reads as follows:

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY MARKET
OPERATIONS FOR INSURED RURAL HOUSING LOANS

Sec. 1004. (a) Section 302 (b) of the National Housing Act
is amended--

- (1) by inserting immediately after "which are insured
under the National Housing Act" the following:
"or title V of the Housing Act of 1949";
- (2) by inserting after "any mortgage" in clause (2)
of the proviso the following:", except a
mortgage insured under title V of the Housing Act
of 1949,"; and
- (3) by inserting before the period in the last sentence
the following: "or title V of the Housing Act of
1949".

(b) Section 303 (b) of such Act is amended by inserting "and
other" after "private" in the first sentence.

HOUSING PROVISIONS OF SPECIAL INTEREST TO THE
FARMERS HOME ADMINISTRATION WHICH ARE NOT CONTAINED IN
TITLE V OF THE HOUSING ACT OF 1949, AS AMENDED

12 U.S.C. 1715z

Homeownership or membership in cooperative association for lower income families—Authorization for periodic assistance payments to mortgagees

This is section
235 of the Na-
tional Housing
Act, as amended

(a) For the purpose of assisting lower income families in acquiring homeownership or in acquiring membership in a cooperative association operating a housing project, the Secretary^{*} is authorized to make, and to contract to make, periodic assistance payments on behalf of such homeowners and cooperative members. The assistance shall be accomplished through payments to mortgagees holding mortgages meeting the special requirements specified in this section.

Qualifications and eligibility requirements for assistance payments

(b) To qualify for assistance payments, the homeowner or the cooperative member shall be of lower income and satisfy eligibility requirements prescribed by the Secretary, and—

(1) the homeowner shall be a mortgagor under a mortgage which meets the requirements of and is insured under subsection (i) or (j) (4) of this section: *Provided*, That a mortgage meeting the requirements of subsection (i) (3) (A) of this section but insured under section 1715z-2 of this title may qualify for assistance payments if such mortgage was executed by a mortgagor who is determined not to be an acceptable credit risk for mortgage insurance purposes (but otherwise eligible) under subsection (j) (4) of this section or under section 1715l(d) (2) or 1715y(c) of this title and accepted as a reasonably satisfactory credit risk under section 1715z-2 of this title; or

(2) the cooperative association of which the family is a member shall operate a housing project the construction or substantial rehabilitation of which has been financed with a mortgage insured under section 1715e of this title and which has been completed within two years prior to the filing of the application for assistance payments and the dwelling unit has had no previous occupant other than the family: *Provided*, That if the initial cooperative member receiving assistance payments transfers his membership and occupancy rights to another person who satisfies the eligibility requirements prescribed by the Secretary, such new cooperative member may qualify for assistance payments upon the filing of an application with respect to the dwelling unit involved to be occupied by him: *Provided further*, That assistance payments may be made with respect to a dwelling unit in an existing cooperative project which meets such standards as the Secretary may prescribe, if the family qualifies as a displaced family as defined in section 1715l(f) of this title, or a family which includes five or more minor persons, or a family occupying low-rent public housing: *Provided further*, That the amount of the mortgage attributable to the dwelling unit shall involve a principal obligation not in excess of \$15,000 (\$17,500 in any geographical area where the Secretary authorizes an increase on the basis of a finding that cost levels so require), except that with respect to any family with five or more persons the foregoing limits shall be \$17,500 and \$20,000, respectively.

^{*}Unless otherwise indicated, any reference to "the Secretary" in pages 44 through 61 of this compilation shall mean the Secretary of Housing and Urban Development.

**Limitation on payments on behalf of mortgagor; occupancy of property;
maximum amount of payment**

(c) The assistance payments to a mortgagee by the Secretary on behalf of a mortgagor shall be made during such time as the mortgagor shall continue to occupy the property which secures the mortgage: *Provided*, That assistance payments may be made on behalf of a homeowner who assumes a mortgage insured under subsection (j) (4) of this section with respect to which assistance payments have been made on behalf of the previous owner, if the homeowner is approved by the Secretary as eligible for receiving such assistance. The payment shall be in an amount not exceeding the lesser of—

(1) the balance of the monthly payment for principal, interest, taxes, insurance, and mortgage insurance premium due under the mortgage remaining unpaid after applying 20 per centum of the mortgagor's income; or

(2) the difference between the amount of the monthly payment for principal, interest, and mortgage insurance premium which the mortgagor is obligated to pay under the mortgage and the monthly payment for principal and interest which the mortgagor would be obligated to pay if the mortgage were to bear interest at the rate of 1 per centum per annum.

Limitation on payments on behalf of family holding membership in cooperative association; occupancy; maximum amount of payment

(d) Assistance payments to a mortgagee by the Secretary on behalf of a family holding membership in a cooperative association operating a housing project shall be made only during such time as the family is an occupant of such project and shall be in amounts computed on the basis of the formula set forth in subsection (c) of this section applying the cooperative member's proportionate share of the obligations under the project mortgage to the items specified in the formula.

Reimbursement for expenses in handling the mortgage

(e) The Secretary may include in the payment to the mortgagee such amount, in addition to the amount computed under subsection (c), (d), or (j) (7) of this section, as he deems appropriate to reimburse the mortgagee for its expenses in handling the mortgage.

Adoption of procedures for recertifications of mortgagor's or cooperative member's income

(f) Procedures shall be adopted by the Secretary for recertifications of the mortgagor's (or cooperative member's) income at intervals of two years (or at shorter intervals where the Secretary deems it desirable) for the purpose of adjusting the amount of such assistance payments within the limits of the formula described in subsection (c) of this section.

Regulations to assure that sales price or other consideration paid is not increased above appraised value

(g) The Secretary shall prescribe such regulations as he deems necessary to assure that the sales price of, or other consideration paid in connection with, the purchase by a homeowner of the property with respect to which assistance payments are to be made is not increased above the appraised value on which the maximum mortgage which the Secretary will insure is computed.

Authorization of appropriations; aggregate amount of assistance payment contracts; maximum income limits of families; annual report to Congressional Committees with respect to income levels; limitation on payments with respect to existing dwellings or dwelling units in existing projects

(h) (1) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including such sums as may be necessary to make the assistance payments under contracts entered into under this section. The aggregate amount of contracts to make such payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed \$75,000,000 per annum prior to July 1, 1969, which maximum dollar amount shall be increased by \$100,000,000 on July 1, 1969, and by \$125,000,000 on July 1, 1970.

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

(2) Not more than 20 per centum of the total amount of assistance payments authorized to be contracted to be made pursuant to appropriation Acts shall be contracted to be made on behalf of families whose incomes at the time of their initial occupancy exceed 135 per centum of the maximum income limits which can be established in the area, pursuant to the limitations prescribed in sections 1402(2) and 1415(7) (b) (ii) of Title 42, for initial occupancy in public housing dwellings, but the incomes of such families at the time of their initial occupancy shall in no case exceed 90 per centum of the limits prescribed by the Secretary for occupants of projects financed with mortgages insured under section 1715l(d) (3) of this title which bear interest at the below-market interest rate prescribed in the proviso of section 1715l(d) (5) of this title. The limitations prescribed in this paragraph shall be administered by the Secretary so as to accord a preference to those families whose incomes are within the lowest practicable limits for achieving homeownership with assistance under this section. The Secretary shall report annually to the respective Committees on Banking and Currency of the Senate and House of Representatives with respect to the income levels of families on behalf of which assistance payments have been made under this section.

(3) Notwithstanding the provisions of subsections (b) (2) and (i) (3) (A) of this section with respect to the prior construction or rehabilitation of a dwelling, or of the project in which there is a dwelling unit, for which assistance payments may be made, and notwithstanding the provisions of subsection (j) (1) of this section authorizing the purchase of housing which is neither deteriorating nor substandard, not more than—

(A) 25 per centum of the total amount of contracts for assistance payments authorized by appropriation Acts to be made prior to July 1, 1969,

(B) 15 per centum of the total additional amount of contracts for assistance payments authorized by appropriation Acts to be made prior to July 1, 1970, and

(C) 10 per centum of the total additional amount of contracts for assistance payments authorized by appropriations Acts to be made prior to July 1, 1971,

may be made with respect to existing dwellings, or dwelling units in existing projects.

Insurance of mortgages executed by mortgagors meeting eligibility requirements for assistance payments; issuance of commitment; eligibility requirements for insurance

(i) (1) The Secretary is authorized, upon application by the mortgagee, to insure a mortgage executed by a mortgagor who meets the eligibility requirements for assistance payments prescribed by the Secretary under subsection (b) of this section. Commitments for the insurance of such mortgages may be issued by the Secretary prior to the date of their execution or disbursement thereon, upon such terms and conditions as the Secretary may prescribe.

(2) To be eligible for insurance under this subsection, a mortgage shall meet the requirements of section 1715l(d) (2) or 1715y(c) of this title, except as such requirements are modified by this subsection.

(3) A mortgage to be insured under this subsection shall—

(A) involve a single-family dwelling which has been approved by the Secretary prior to the beginning of construction or substantial rehabilitation, or a two-family dwelling one of the units of which is to be occupied by the owner if the dwelling is purchased with the assistance of a nonprofit organization and is approved by the Secretary prior to the beginning of substantial rehabilitation, or a one-family unit in a condominium project (together with an undivided interest in the common areas and facilities serving the project) which is released from a multi-family project, the construction or substantial rehabilitation of which has been completed within two years prior to the filing of the application for assistance payments with respect to such family unit and the unit has had no previous occupant other than the mortgagor: *Provided*, That the mortgage may involve an existing dwelling or a family unit in an existing condominium project which meets such standards as the Secretary may

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

prescribe, if the mortgagor qualifies as a displaced family as defined in section 1715l(f) of this title, or a family which includes five or more minor persons, or a family occupying low-rent public housing: *Provided further*, That the mortgage may involve an existing dwelling or a family unit in an existing condominium project if assistance payments have been made on behalf of the previous owner of the dwelling or family unit with respect to a mortgage insured under subsection (j) (4) 1715z-1 of this title: *Provided further*, That the mortgage may involve a dwelling unit in an existing project covered by a mortgage insured under section 1715z-1 of this title or in an existing project receiving the benefits of financial assistance under section 101 of the Housing and Urban Development Act of 1965;

(B) where it is to cover a one-family unit in a condominium project, have a principal obligation not exceeding \$15,000 (\$17,500 in any geographical area where the Secretary authorizes an increase on the basis of a finding that cost levels so require), except that with respect to any family with five or more persons the foregoing limits shall be \$17,500 and \$20,000, respectively; and

(C) be executed by a mortgagor who shall have paid (i) in the case of any family whose income is not in excess of 135 per centum of the maximum income limits which can be established in the area, pursuant to the limitations prescribed in sections 1402(2) and 1415 (7) (b) (ii) of Title 42, for initial occupancy in public housing dwellings at least \$200, or (ii) in the case of any other family, at least 3 per centum (or such larger amount as the Secretary may require) of the Secretary's estimate of the cost of acquisition, which amount (in cash or its equivalent) in either instance may be applied for the payment of settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premiums, and other prepaid expenses.

Insurance of mortgages executed by nonprofit organizations or public bodies or agencies; insurance of commitment; eligibility requirements for insurance; insurance of mortgages executed to finance sale of individual dwellings to lower income individuals or families; definitions; assistance payments to mortgagees on behalf of nonprofit organizations or public bodies and agencies

(j) (1) In addition to mortgages insured under the provisions of subsection (i) of this section, the Secretary is authorized, upon application by the mortgagee, to insure a mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization or public body or agency to finance the purchase of housing, and the rehabilitation of such housing if it is deteriorating or substandard, for subsequent resale to lower income home purchasers who meet the eligibility requirements for assistance payments prescribed by the Secretary under subsection (b) of this section. Commitments for the insurance of such mortgages may be issued by the Secretary prior to the date of their execution or disbursement thereon, upon such terms and conditions as the Secretary may prescribe.

(2) To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall—

(A) be executed by a private nonprofit organization or public body or agency, approved by the Secretary, for the purpose of financing the purchase (with the intention of subsequent resale), and rehabilitation where the housing involved is deteriorating or substandard, of property comprising one or more tracts or parcels, whether or not contiguous, consisting of (i) four or more single-family dwellings of detached, semidetached, or row construction, or (ii) four or more one-family units in a structure or structures for which a plan of family unit ownership approved by the Secretary is established; except that in a case not involving the rehabilitation of deteriorating or substandard housing the property purchased may consist of one or more such dwellings or units;

(B) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of any rehabilitation;

(C) bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed such per centum per annum

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

(not in excess of 6 per centum), on the amount of the principal obligation outstanding at any time, as the Secretary finds necessary to meet the mortgage market;

(D) provide for complete amortization (subject to paragraph (4) (E)) by periodic payments within such term as the Secretary may prescribe; and

(E) provide for the release of individual single-family dwellings from the lien of the mortgage upon their sale in accordance with paragraph (4).

(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property involved is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the purchase or rehabilitation of such property plus the mortgagor's related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

(4) (A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement, satisfactory to the Secretary, that it will offer to sell the dwellings involved, after purchase and upon completion of any rehabilitation, to lower income individuals or families meeting the eligibility requirements established by the Secretary under subsection (b) of this section.

(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to lower income purchasers as provided in subparagraph (A). Any such mortgage shall—

(i) be in a principal amount not in excess of that portion of the unpaid principal balance of the blanket mortgage covering the property which is allocable to the individual dwelling involved;

(ii) bear interest at the same rate as the blanket mortgage; and

(iii) provide for complete amortization by periodic payments within a term equal to the remaining term (determined without regard to subparagraph (E)) of such blanket mortgage.

(C) The price for which any individual dwelling is sold under this paragraph shall be in an amount equal to that portion of the unpaid principal balance of the blanket mortgage covering the property which is allocable to the dwelling, plus such additional amount, not less than \$200 (which may be applied in whole or in part toward closing costs and may be paid in cash or its equivalent), as the Secretary may determine to be reasonable.

(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the blanket mortgage. Until all of the individual dwellings in the property covered by the blanket mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time, in such manner and under such terms as the Secretary may prescribe, as though they constituted rental units.

(E) Upon the sale under this paragraph of all the individual dwellings in the property covered by the blanket mortgage and the release of all individual dwellings from the lien of the blanket mortgage, the insurance of the blanket mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

(5) Where the Secretary has approved a plan of family unit ownership the terms "single-family dwelling", "single-family dwellings", "individual dwelling", and "individual dwellings" shall mean a family unit or family units, together with the undivided interest (or interests) in the common areas and facilities.

(6) For purposes of this subsection, the terms "single-family dwelling" and "single-family dwellings" (except for purposes of paragraph (5)) shall include a two-family dwelling which has been approved by the Secretary if one of the units is to be occupied by the owner.

(7) In addition to the assistance payments authorized under subsection (b) of this section, the Secretary may make such payments to a mortgagee on behalf of a nonprofit organization or public body or agency which is a

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

mortgagor under the provisions of paragraph (1) in an amount not exceeding the difference between the monthly payment for principal, interest, and mortgage insurance premium which the mortgagor is obligated to pay under the mortgage and the monthly payment for principal and interest such mortgagor would be obligated to pay if the mortgage were to bear interest at the rate of 1 per centum per annum.

(8) A mortgage covering property which is not deteriorating or substandard may be insured under this subsection only if it is situated in an area in which mortgages may be insured under section 1715l(h) of this title.

Allocation and transfer of reasonable portion of total authority to contract to make assistance payments to Secretary of Agriculture for use in rural areas and small towns

(k) The Secretary shall from time to time allocate and transfer to the Secretary of Agriculture, for use (in accordance with the terms and conditions of this section) in rural areas and small towns, a reasonable portion of the total authority to contract to make assistance payments as approved in appropriation Acts under subsection (h) (1) of this section.

Deductions for minors in determining income limits; exclusion of earnings of minors

(l) In determining the income of any person for the purposes of this section, there shall be deducted an amount equal to \$300 for each minor person who is a member of the immediate family of such person and living with such family, and the earnings of any such minor person shall not be included in the income of such person or his family.

June 27, 1934, c. 847, Title II, § 235, as added Aug. 1, 1968, Pub.L. 90-448, Title I, § 101(a), 82 Stat. 477.

12 U.S.C. 1715z-1

This is section 236 of the National Housing Act, as amended

Rental and cooperative housing for lower income families

—Authorization for periodic interest reduction payments on behalf of owner of rental housing project

(a) For the purpose of reducing rentals for lower income families, the Secretary is authorized to make, and to contract to make, periodic interest reduction payments on behalf of the owner of a rental housing project designed for occupancy by lower income families, which shall be accomplished through payments to mortgagees holding mortgages meeting the special requirements specified in this section.

Restrictions on payments; payments with respect to projects financed under State or local programs

(b) Interest reduction payments with respect to a project shall only be made during such time as the project is operated as a rental housing project and is subject to a mortgage which meets the requirements of, and is insured under, subsection (j) of this section: *Provided*, That interest reduction payments may be made with respect to a rental or cooperative housing project owned by a private nonprofit corporation or other private nonprofit entity, a limited dividend corporation or other limited dividend entity, or a cooperative housing corporation, which is financed under a State or local program providing assistance through loans, loan insurance, or tax abatements, and which prior to completion of construction or rehabilitation is approved for receiving the benefits of this section.

Amount of payments

(c) The interest reduction payments to a mortgagee by the Secretary on behalf of a project owner shall be in an amount not exceeding the difference between the monthly payment for principal, interest, and mortgage insurance premium which the project owner as a mortgagor is obligated to pay under the mortgage and the monthly payment for principal and interest such project owner would be obligated to pay if the mortgage were to bear interest at the rate of 1 per centum per annum.

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

Mortgage handling expenses

(d) The Secretary may include in the payment to the mortgagee such amount, in addition to the amount computed under subsection (c) of this section, as he deems appropriate to reimburse the mortgagee for its expenses in handling the mortgage.

Operation of project in accordance with requirements respecting tenant eligibility and rents prescribed by Secretary

(e) As a condition for receiving the benefits of interest reduction payments, the project owner shall operate the project in accordance with such requirements with respect to tenant eligibility and rents as the Secretary may prescribe. Procedures shall be adopted by the Secretary for review of tenant incomes at intervals of two years (or at shorter intervals where the Secretary deems it desirable).

Establishment of basic and fair market rental charges; rental for dwelling units

(f) For each dwelling unit there shall be established with the approval of the Secretary (1) a basic rental charge determined on the basis of operating the project with payments of principal and interest due under a mortgage-bearing interest at the rate of 1 per centum per annum; and (2) a fair market rental charge determined on the basis of operating the project with payments of principal, interest, and mortgage insurance premium which the mortgagor is obligated to pay under the mortgage covering the project. The rental for each dwelling unit shall be at the basic rental charge or such greater amount, not exceeding the fair market rental charge, as represents 25 per centum of the tenant's income.

Collection and deposit of excess rental charges; investment of monies

(g) The project owner shall, as required by the Secretary, accumulate, safeguard, and periodically pay to the Secretary all rental charges collected in excess of the basic rental charges. Such excess charges shall be deposited by the Secretary in a fund which may be used by him as a revolving fund for the purpose of making interest reduction payments with respect to any rental housing project receiving assistance under this section, subject to limits approved in appropriation Acts pursuant to subsection (i) of this section. Moneys in such fund not needed for current operations may be invested in bonds or other obligations of the United States or in bonds or other obligations guaranteed as to principal and interest by the United States.

Rules and regulations

(h) In addition to establishing the requirements specified in subsection (e) of this section, the Secretary is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section.

Authorization of appropriations; aggregate amount of contracts; income limitations; annual report of income levels to Congressional Committees

(i) (1) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including such sums as may be necessary to make interest reduction payments under contracts entered into under this section. The aggregate amount of contracts to make such payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed \$75,000,000 per annum prior to July 1, 1969, which maximum dollar amounts shall be increased by \$100,000,000 on July 1, 1969, and by \$125,000,000 on July 1, 1970.

(2) Not more than 20 per centum of the total amount of interest reduction payments authorized to be contracted to be made pursuant to appropriation Acts shall be contracted to be made with respect to families, occupying rental housing projects assisted under this section, whose incomes at the time of the initial renting of the projects exceed 125 per centum of the maximum income limits which can be established in the area, pursuant to the limitations prescribed in sections 1402(2) and 1415 (7) (b) (ii) of Title 42, for initial occupancy in public housing dwellings,

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

but the income of such families at the time of the initial renting of the projects shall in no case exceed 90 per centum of the limits prescribed by the Secretary for occupants of projects financed with mortgages insured under section 1715l(d) (3) of this title which bears interest at the below-market interest rate prescribed in the proviso of section 1715l(d) (5) of this title. The limitations prescribed in this paragraph shall be administered by the Secretary so as to accord a preference to those families whose incomes are within the lowest practicable limits for obtaining rental accommodations in projects assisted under this section. The Secretary shall report annually to the respective Committees on Banking and Currency of the Senate and House of Representatives with respect to the income levels of families living in projects assisted under this section.

Insurance of mortgages; definitions; eligibility for insurance; mortgage requirements; property or project requirements; sale of individual dwelling units; release of mortgagor from liability or release of property from lien of mortgage

(j) (1) The Secretary is authorized, upon application by the mortgagee, to insure a mortgage (including advances on such mortgage during construction) which meets the requirements of this subsection. Commitments for the insurance of such mortgages may be issued by the Secretary prior to the date of their execution or disbursement thereon, upon such terms and conditions as he may prescribe.

(2) As used in this subsection—

(A) the terms "family" and "families" shall have the same meaning as in section 1715l of this title;

(B) the term "elderly or handicapped families" shall have the same meaning as in section 1701q of this title; and

(C) the terms "mortgage", "mortgagee", and "mortgagor" shall have the same meaning as in section 1707 of this title.

(3) To be eligible for insurance under this subsection, a mortgage shall meet the requirements specified in subsections (d) (1) and (d) (3) of section 1715l of this title, except as such requirements are modified by this subsection. In the case of a project financed with a mortgage insured under this subsection which involves a mortgagor other than a cooperative or a private nonprofit corporation or association and which is sold to a cooperative or a nonprofit corporation or association, the Secretary is further authorized to insure under this subsection a mortgage given by such purchaser in an amount not exceeding the appraised value of the property at the time of purchase, which value shall be based upon a mortgage amount on which the debt service can be met from the income of the property when operated on a nonprofit basis, after payment of all operating expenses, taxes, and required reserves.

(4) A mortgage to be insured under this subsection shall—

(A) be executed by a private mortgagor eligible under subsection (d) (3) or (e) of section 1715l of this title;

(B) bear interest (exclusive of premium charges for insurance and service charges, if any) at not to exceed such per centum per annum (not in excess of 6 per centum), on the amount of the principal obligation outstanding at any time, as the Secretary finds necessary to meet the mortgage market; and

(C) provide for complete amortization by periodic payments within such term as the Secretary may prescribe.

(5) The property or project shall—

(A) comply with such standards and conditions as the Secretary may prescribe to establish the acceptability of the property for mortgage insurance and may include such nondwelling facilities as the Secretary deems adequate and appropriate to serve the occupants and the surrounding neighborhood: *Provided*, That the project shall be predominantly residential and any nondwelling facility included in the mortgage shall be found by the Secretary to contribute to the economic feasibility of the project, and the Secretary shall give due consideration to the possible effect of the project on other business enterprises in the community: *Provided further*, That, in the case of a project designed primarily for occupancy by elderly or handicapped families, the project may include related facilities for use by elderly

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

or handicapped families, including cafeterias or dining halls, community rooms, workshops, infirmaries, or other inpatient or outpatient health facilities, and other essential service facilities;

(B) include five or more dwelling units; and

(C) be designed primarily for use as a rental project to be occupied by lower income families or by elderly or handicapped families: *Provided*, That lower income persons who are less than sixty-two years of age shall be eligible for occupancy in such a project, but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons.

(6) With the approval of the Secretary, the mortgagor may sell the individual dwelling units to lower income or elderly or handicapped purchasers. The Secretary may consent to the release of the mortgagor from his liability under the mortgage and the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage, upon such terms and conditions as he may prescribe, and the mortgage may provide for such release.

Definitions

(k) As used in this section the term "tenant" includes a member of a cooperative; the term "rental housing project" includes a cooperative housing project; and the terms "rental" and "rental charge" mean, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative.

Allocation and transfer of reasonable portion of total authority to contract to make payments to Secretary of Agriculture for use in rural areas and small towns

(l) The Secretary shall from time to time allocate and transfer to the Secretary of Agriculture, for use (in accordance with the terms and conditions of this section) in rural areas and small towns, a reasonable portion of the total authority to contract to make periodic interest reduction payments as approved in appropriation Acts under subsection (i) of this section.

Deduction for minors in determining income limits; exclusion of earnings of minors

(m) In determining the income of any person for the purposes of this section, there shall be deducted an amount equal to \$300 for each minor person who is a member of the immediate family of such person and living with such family, and the earnings of any such minor person shall not be included in the income of such person or his family.

June 27, 1934, c. 847, Title II, § 236, as added Aug. 1, 1968, Pub.L. 90-448, Title II, § 201(a), 82 Stat. 498.

12 U.S.C. 1715z-2

Special mortgage insurance assistance—Purpose

(a) The purpose of this section is to help provide adequate housing for families of low and moderate income, including those who, for reasons of credit history, irregular income patterns caused by seasonal employment, or other factors, are unable to meet the credit requirements of the Secretary for the purchase of a single-family home financed by a mortgage insured under section 1709, 1715k, 1715l, 1715y, or 1715z(j) (4) of this title, but who, through the incentive of homeownership and counseling assistance, appear to be able to achieve homeownership.

Authorization to insure mortgages meeting requirements of section

(b) The Secretary is authorized upon application by the mortgagee to insure under this section any mortgage meeting the requirements of this section.

Eligibility for insurance

(c) To be eligible for insurance under this section, a mortgage shall—

(1) meet the requirements of section 1709 (except subsection (m)), 1715k (d) (3) (A), 1715l(d) (2), (h) (5), (i), 1715y(c), or 1715z(j) (4) of this title, except as such requirements are modified by this section;

This is section 237 of the National Housing Act, as amended

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

(2) involve a principal obligation (including such initial service charges, and such appraisal, inspection, and other fees, as the Secretary shall approve) in an amount not to exceed \$15,000: *Provided*, That the Secretary may increase the amount to not exceed \$17,500 in any geographical area where he finds that cost levels so require: *Provided further*, That no mortgage meeting the requirements of section 1709 (1) or (i) of this title shall be eligible for insurance under this section if its principal obligation is in excess of the maximum limits prescribed in such section;

(3) be executed by a mortgagor who the Secretary has determined, after a full and complete study of the case, would not be an acceptable credit risk for mortgage insurance purposes under sections 1709, 1715k, 1715l, 1715y, or 1715z(j) (4) of this title, because of his credit standing, debt obligations, total annual income, or income characteristics, but who the Secretary is satisfied would be a reasonably satisfactory credit risk, consistent with the objectives stated in subsection (a) of this section, if he were to receive budget, debt management, and related counseling: *Provided*, That, in determining whether the mortgagor is a reasonably satisfactory credit risk, the Secretary shall review the credit history of the applicant giving special consideration to those delinquent accounts which were ultimately paid by the applicant and to extenuating factors which may have caused credit accounts of the applicant to become delinquent; and the Secretary shall also give special consideration to income characteristics of applicants whose total income over the two years prior to their applications has remained at levels of eligibility (as required under paragraph (4) of this subsection), but who, because of the character of their seasonal employment or for other reasons, have not maintained continuous employment under one employer during that time; and

(4) require monthly payments which, in combination with local real estate taxes on the property involved, do not exceed 25 per centum of the applicant's income, based on his average monthly income during the year prior to his application or the average monthly income during the three years prior to his application, whichever is higher.

Preferences in approving mortgage insurance applications

(d) The Secretary shall give preference in approving mortgage insurance applications under this section to families living in public housing units, especially those families required to leave public housing because their incomes have risen beyond the maximum prescribed income limits, and families eligible for residence in public housing who have been displaced from federally assisted urban renewal areas.

Budget, debt management, and related counseling services

(e) The Secretary is authorized to provide, or contract with public or private organizations to provide, such budget, debt management, and related counseling services to mortgagors whose mortgages are insured under this section as he determines to be necessary to meet the objectives of this section. The Secretary may also provide such counseling to otherwise eligible families who lack sufficient funds to supply a down payment to help them to save an amount necessary for that purpose.

Aggregate principal balance of mortgages insured

(f) The aggregate principal balance of all mortgages insured under this section and outstanding at one time shall not exceed \$200,000,000.

Authorization of appropriations

(g) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (e) of this section. June 27, 1934, c. 847, Title II, § 237, as added Aug. 1, 1968, Pub.L. 90-448, Title I, § 102(a), 82 Stat. 485.

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

12 U.S.C. 1701w

This is section
101(e) of the
Housing and
Urban Develop-
ment Act of 1968

**Budget, debt management, and related counseling services
for mortgagors; authorization of appropriations**

The Secretary of Housing and Urban Development is authorized to provide, or contract with public or private organizations to provide, such budget, debt management, and related counseling services to mortgagors whose mortgages are insured under section 1715z(i) or (j) (4) of this title as he determines to be necessary to assist such mortgagors in meeting the responsibilities of homeownership. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Pub.L. 90-448, Title I, § 101(e), Aug. 1, 1968, 82 Stat. 484.

42 U.S.C. 3911

This is section
412 of the New
Communities Act
of 1968

Supplementary grants—Authorization

(a) The Secretary is authorized to make supplementary grants to State and local public bodies and agencies carrying out new community assistance projects, as defined in section 3914(c) of this title, if the Secretary determines that such grants are necessary or desirable for carrying out a new community development project approved for assistance under section 3902 of this title, and that a substantial number of housing units for low and moderate income persons is to be made available through such development project.

Limitation on grant; total Federal contributions

(b) In no case shall any grant under this section exceed 20 per centum of the cost of the new community assistance project for which the grant is made; and in no case shall the total Federal contributions to the cost of such project be more than 80 per centum.

Consultation with Secretary of Agriculture

(c) In carrying out his authority under this section the Secretary shall consult with the Secretary of Agriculture with respect to new community assistance projects assisted by that Department, and he shall, for the purpose of subsection (b) of this section, accept that Department's certifications as to the cost of such projects.

Authorization of appropriations

(d) There are authorized to be appropriated for grants under this section not to exceed \$5,000,000 for the fiscal year ending June 30, 1969, and not to exceed \$25,000,000 for the fiscal year ending June 30, 1970. Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this subsection but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1970.

Pub.L. 90-448, Title IV, § 412, Aug. 1, 1968, 82 Stat. 516.

42 U.S.C. 3914

This is section
415 of the New
Communities Act
of 1968

Definitions

As used in this chapter—

(a) The term "land development" means the process of grading land, making, installing, or constructing water lines and water supply installations, sewer lines and sewage disposal installations, steam, gas, and electric lines and installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Secretary deems necessary or desirable to prepare land for residential, commercial, industrial, or other uses, or to provide facilities for public or common use. The term "land development" shall not include any building unless it is (1) a building which is needed in connection with a water supply or sewage disposal installation or a steam, gas, or electric line or installation, or (2) a building, other than a school, which is to be owned and maintained jointly by the residents of the new community or is to be transferred to public ownership, but not prior to its completion.

(b) The term "actual costs" means the costs (exclusive of rebates or discounts) incurred by a new community developer in carrying out the land development assisted under this chapter. These costs may include amounts paid for labor, materials, construction contracts, land planning,

engineers' and architects' fees, surveys, taxes, and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Secretary, and other items of expense incidental to development which may be approved by the Secretary. If the Secretary determines that there is an identity of interest between the new community developer and a contractor, there may be included as a part of actual costs an allowance for the contractor's profit in an amount deemed reasonable by the Secretary.

(c) The term "new community assistance projects" means projects assisted by grants made under section 3102 of this title, section 1926(a)(2) of Title 7, or sections 1500-1500e of this title.
Pub.L. 90-448, Title IV, § 415, Aug. 1, 1968, 82 Stat. 517.

40 U.S.C. 461

This is section
701 of the
Housing Act of
1954

Comprehensive planning—Grants by Secretary; authorization

(a) In order to assist State and local governments in solving planning problems, including those resulting from the increasing concentration of population in metropolitan and other urban areas and the out-migration from and lack of coordinated development of resources and services in rural areas; to facilitate comprehensive planning for urban and rural development, including coordinated transportation systems, on a continuing basis by such governments; and to encourage such governments to establish and improve planning staffs and techniques on an areawide basis, and to engage private consultants where their professional services are deemed appropriate by the assisted governments, the Secretary is authorized to make planning grants to—

(1) State planning agencies for the provision of planning assistance to (A) cities and other municipalities having a population of less than 50,000 according to the latest decennial census, and counties without regard to population: *Provided*, That grants shall be made under this paragraph for planning assistance to counties having a population of 50,000 or more, according to the latest decennial census, which are within metropolitan areas, only if (i) the Secretary finds that planning and plans for such county will be coordinated with the program of comprehensive planning, if any, which is being carried out for the metropolitan area of which the county is a part, and (ii) the aggregate amount of the grants made subject to this proviso does not exceed 15 per centum of the aggregate amount appropriated, after September 2, 1964, for the purposes of this section, (B) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems, (C) cities, other municipalities, and counties referred to in paragraph (3) of this subsection, and areas referred to in paragraph (4) of this subsection, and (D) Indian reservations;

(2) State, metropolitan, and regional planning agencies for metropolitan or regional planning, and to cities, within metropolitan areas, for planning which is part of comprehensive metropolitan planning and which shall supplement and be coordinated with State, metropolitan, and regional planning;

(3) (A) economic development districts designated by the Secretary of Commerce under title IV of the Public Works and Economic Development Act of 1965, and

(B) cities, other municipalities, and counties which (i) are situated in redevelopment areas or economic development districts designated by the Secretary of Commerce under title IV of the Public Works and Economic Development Act of 1965, or (ii) have suffered substantial damage as a result of catastrophe which the President, pursuant to section 1855a of Title 42, has determined to be a major disaster;

(4) official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation, or for areas where rapid urbanization is expected to result on land developed or to be developed as a new community approved under section 1749cc-1 of Title 12 or title IV of the Housing and Urban Development Act of 1968;

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

(5) States for State and interstate comprehensive planning and for research and coordination activity related thereto, including technical and other assistance for the establishment and operation of intrastate and interstate planning agencies;

(6) State planning agencies for assistance to district planning, or planning for areas within districts, carried on by or for district planning agencies;

(7) metropolitan and regional planning agencies, with the approval of the State planning agency or (in States where no such planning agency exists) of the Governor of the State, for the provision of planning assistance within the metropolitan area or region to cities, other municipalities, counties, groups of adjacent communities, or Indian reservations described in clauses (A), (B), (C), and (D) of paragraph (1) of this subsection;

(8) official governmental planning agencies for any area where there has occurred a substantial reduction in employment opportunities as the result of (A) the closing (in whole or in part) of a Federal installation, or (B) a decline in the volume of Government orders for the procurement of articles or materials produced or manufactured in such area;

(9) tribal planning councils or other tribal bodies designated by the Secretary of the Interior for planning for an Indian reservation;

(10) the various regional commissions established by the Appalachian Regional Development Act of 1965 or under the Public Works and Economic Development Act of 1965 for comprehensive planning for the regions established under such Acts (or State agencies or instrumentalities participating in such planning); and

(11) local development districts, certified under section 301 of the Appalachian Regional Development Act of 1965, for comprehensive planning for their entire areas, or for metropolitan planning, urban planning, county planning, or small municipality planning within such areas in the Appalachian region, and for planning for Appalachian regional programs.

Planning assisted under this section shall, to the maximum extent feasible, cover entire areas having common or related development problems. The Secretary shall encourage cooperation in preparing and carrying out plans among all interested municipalities, political subdivisions, public agencies, and other parties in order to achieve coordinated development of entire areas. To the maximum extent feasible, pertinent plans and studies already made for areas shall be utilized so as to avoid unnecessary repetition of effort and expense. Planning which may be assisted under this section includes the preparation of comprehensive transportation surveys, studies, and plans to aid in solving problems of traffic congestion, facilitating the circulation of people and goods in metropolitan and other areas and reducing transportation needs. Planning carried out with assistance under this section shall also include a housing element as part of the preparation of comprehensive land use plans, and this consideration of the housing needs and land use requirements for housing in each comprehensive plan shall take into account all available evidence of the assumptions and statistical bases upon which the projection of zoning, community facilities, and population growth is based, so that the housing needs of both the region and the local communities studied in the planning will be adequately covered in terms of existing and prospective in-migrant population growth. Funds available under this section shall be in addition to and may be used jointly with funds available for planning surveys and investigations under other federally aided programs, and nothing contained in this section shall be construed as affecting the authority of the Secretary of Transportation under section 307 of Title 23.

Maximum amount of grant; terms and conditions; advances or progress payments; appropriations; grants for research on State statutes affecting local governments

(b) A planning grant made under subsection (a) of this section shall not exceed two-thirds of the estimated cost of the work for which the grant is made: *Provided*, That such a grant may be made for up to 75 per centum of such estimated cost when made for planning primarily for (1) redevelopment areas, local development districts, or economic development districts, or portions thereof, described in paragraph (3) (A) and (B) (1) and paragraph (11) of subsection (a) of this section, (2) areas

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

described in subsection (a) (8) of this section, and (3) the various regions, as described in subsection (a) (10) of this section. All grants made under this section shall be subject to terms and conditions prescribed by the Secretary. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Secretary is authorized, notwithstanding the provisions of section 529 of Title 31, to make advance or progress payments on account of any grant made under this section. There are authorized to be appropriated for the purposes of this section not to exceed \$265,000,000 prior to July 1, 1969, and not to exceed \$390,000,000 prior to July 1, 1970. Of the amount available prior to July 1, 1969, \$20,000,000 may be used only for district planning grants under subsection (a) (6) of this section, which amount shall be increased by \$10,000,000 on July 1, 1969. Any amounts appropriated under this section shall remain available until expended: *Provided*, That, of any funds appropriated under this section, not to exceed an aggregate of \$10,000,000 plus 5 per centum of the funds so appropriated may be used by the Secretary for studies, research, and demonstration projects, undertaken independently or by contract, for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of this section, and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations.

Encouragement of planning on a unified regional, district, or metropolitan basis

(c) The Secretary is authorized, in areas embracing several municipalities or other political subdivisions, to encourage planning on a unified regional, district, or metropolitan basis and to provide technical assistance for such planning and the solution of problems relating thereto.

Comprehensive planning

(d) It is the further intent of this section to encourage comprehensive planning, including transportation planning, for States, cities, counties, metropolitan areas, districts, regions, and Indian reservations and the establishment and development of the organizational units needed therefor. In extending financial assistance under this section, the Secretary may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. The Secretary is authorized to provide technical assistance to State and local governments and their agencies and instrumentalities, and to Indian tribal bodies, undertaking such planning and, by contract or otherwise, to make studies and publish information on related problems.

Consultations with officials of Federal Government; technical assistance

(e) In the exercise of his responsibilities under this section, the Secretary shall consult with those officials of the Federal Government responsible for the administration of programs of Federal assistance to the States and municipalities for various categories of public facilities and other comprehensively planned activities. He shall, particularly, consult with the Secretary of Agriculture prior to his approval of any district planning grants under subsections (a) (6) and (g) of this section, and with the Secretary of Commerce prior to his approval of any planning grants which include any part of an economic development district as defined and designated under the Public Works and Economic Development Act of 1965. The Secretary of Agriculture and the Secretary of Commerce, as appropriate, may provide technical assistance, with or without reimbursement, in connection with the establishment of districts by the Secretary of Housing and Urban Development and the carrying out of planning by such districts.

Consent of Congress to agreements or compacts between States for cooperative efforts and mutual assistance in comprehensive planning

(f) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative effort and mutual assistance in the comprehensive planning for the growth and development of interstate,

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

metropolitan, or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.

Grants to organizations composed of elected officials representative of political jurisdictions within metropolitan area, region, or district; studies, data, plans, programs, related activities; maximum grants

(g) In addition to the planning grants authorized by subsection (a) of this section, the Secretary is further authorized to make grants to organizations composed of public officials representative of the political jurisdictions within the metropolitan area, region, or district for the purpose of assisting such organizations to undertake studies, collect data, develop metropolitan, regional, and district plans and programs, and engage in such other activities, including implementation of such plans, as the Secretary finds necessary or desirable for the solution of the metropolitan, regional, or district problems in such areas, regions, or districts. To the maximum extent feasible, all grants under this subsection shall be for activities relating to all the developmental aspects of the total metropolitan area, region, or district including, but not limited to, land use, transportation, housing, economic development, natural resources development, community facilities, and the general improvement of living environments. A grant under this subsection shall not exceed two-thirds of the estimated cost of the work for which the grant is made.

Grants for surveys of historic structures

(h) In addition to the other grants authorized by this section, the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of the structures and sites in such locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic structures and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced and effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the national register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall not exceed two-thirds of the cost of the survey for which it is made, and shall be made to the appropriate agency or entity specified in paragraphs (1) through (11) of subsection (a) of this section or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved.

Definitions

(i) As used in this section—

(1) The term "metropolitan area" means a standard metropolitan statistical area, as established by the Bureau of the Budget, subject, however, to such modifications or extensions as the Secretary deems to be appropriate for the purposes of this section.

(2) The term "region" includes (A) all or part of the area of jurisdiction of one or more units of general local government, and (B) one or more metropolitan areas.

(3) The term "district" includes all or part of the area of jurisdiction of (A) one or more counties, and (B) one or more other units of general local government, but does not include any portion of a metropolitan area.

(4) The term "comprehensive planning" includes the following:

(A) preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other government services, and (iii) the effective development and utilization of human and natural resources;

(B) long-range physical and fiscal plans for such action;

(C) programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definite financing plans for such expenditures in the earlier years of the program;

(D) coordination of all related plans and activities of the State and local governments and agencies concerned; and

(E) preparation of regulatory and administrative measures in support of the foregoing.

Comprehensive planning for the purpose of districts shall not include planning for or assistance to establishments in relocating from one area to another or assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them: *Provided*, That this limitation shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity, if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

(5) The term "State planning agencies" includes official State planning agencies and (in States where no such planning agency exists) agencies or instrumentalities of State government designated by the Governor of the State and acceptable to the Secretary.

(6) The terms "metropolitan planning agencies", "regional planning agencies", and "district planning agencies" mean official metropolitan, regional, and district planning agencies, or other agencies and instrumentalities designated by the Governor (or Governors in the case of interstate planning), and acceptable to the Secretary, empowered under State or local law or interstate compact to perform metropolitan, regional, or district planning, respectively: *Provided*, That such agencies and instrumentalities shall, to the greatest practicable extent, be composed of or responsible to the elected officials of the unit or units of general local government for whose jurisdictions they are empowered to engage in planning.

Aug. 2, 1954, c. 649, Title VII, § 701, 68 Stat. 640, amended Aug. 7, 1956, c. 1029, Title III, §§ 307(d), 308, 70 Stat. 1102; July 12, 1957, Pub.L. 85-104, Title VI, § 606, 71 Stat. 305; Sept. 23, 1959, Pub.L. 86-372, Title IV, § 419, 73 Stat. 678; May 1, 1961, Pub.L. 87-27, § 15, 75 Stat. 58; June 30, 1961, Pub.L. 87-70, Title III, § 310, 75 Stat. 170; Sept. 2, 1964, Pub.L. 88-560, Title III, §§ 314-317, 78 Stat. 792, 793; Mar. 9, 1965, Pub.L. 89-4, Title II, § 213, 79 Stat. 17; Aug. 10, 1965, Pub.L. 89-117, Title XI, § 1102, 79 Stat. 502; Nov. 3, 1966, Pub.L. 89-754, Title IV, § 406, Title VI, § 604, Title X, § 1008, 80 Stat. 1273, 1279, 1286; May 25, 1967, Pub.L. 90-19, § 10(a), 81 Stat. 22; Oct. 11, 1967, Pub.L. 90-103, Title I, § 115, 81 Stat. 262; Aug. 1, 1968, Pub.L. 90-448, Title VI, § 601, 82 Stat. 526.

12 U.S.C. 1701x

This is section
106 of the
Housing and
Urban Develop-
ment Act of 1968

Assistance to nonprofit sponsors of low and moderate income housing—Authorization to provide information, advice, and technical assistance; extent of assistance

(a) The Secretary of Housing and Urban Development is authorized to provide, or contract with public or private organizations to provide, information, advice, and technical assistance with respect to the construction, rehabilitation, and operation by nonprofit organizations of housing for low or moderate income families. Assistance by the Secretary may include—

(1) the assembly, correlation, publication, and dissemination of information with respect to the construction, rehabilitation, and operation of low and moderate income housing, and

(2) the provision of advice and technical assistance with respect to the construction, rehabilitation, and operation of low and moderate income housing.

HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

Loans to nonprofit organizations; purpose and terms of loans; repayment; authorization of appropriations; deposit of appropriations in Low and Moderate Income Sponsor Fund

(b) (1) The Secretary is authorized to make loans to nonprofit organizations for the necessary expenses, prior to construction, in planning, and obtaining financing for, the rehabilitation or construction of housing for low or moderate income families under any federally assisted program. Such loans shall be made without interest and shall not exceed 80 per centum of the reasonable costs expected to be incurred in planning, and in obtaining financing for, such housing prior to the availability of financing, including, but not limited to, preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site acquisition, application and mortgage commitment fees, and construction loan fees and discounts. The Secretary shall require repayment of loans made under this subsection, under such terms and conditions as he may require, upon completion of the project or sooner, and may cancel any part or all of a loan if he determines that it cannot be recovered from the proceeds of any permanent loan made to finance the rehabilitation or construction of the housing.

(2) The Secretary shall determine prior to the making of any loan that the nonprofit organization meets such requirements with respect to financial responsibility and stability as he may prescribe.

(3) There are authorized to be appropriated for the purposes of this subsection not to exceed \$7,500,000 for the fiscal year ending June 30, 1969, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1970. Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this paragraph but not appropriated may be appropriated for any succeeding fiscal year.

(4) All funds appropriated for the purposes of this subsection shall be deposited in a fund which shall be known as the Low and Moderate Income Sponsor Fund, and which shall be available without fiscal year limitation and be administered by the Secretary as a revolving fund for carrying out the purposes of this subsection. Sums received in repayment of loans made under this subsection shall be deposited in such fund.

Pub.L. 90-448, Title I, § 106, Aug. 1, 1968, 82 Stat. 490.

12 U.S.C. 1701y

This is section
107 of the
Housing and
Urban Develop-
ment Act of 1968

National Homeownership Foundation—Creation; purpose; articles of incorporation and charter; reservation of right to alter or amend charter; term; principal office; administration as charitable and educational foundation; compensation of officers and employees; contract authority; donations and grants; payment of principal and interest on borrowings

(a) (1) There is hereby created a body corporate to be known as the "National Homeownership Foundation" (hereinafter referred to as the "Foundation") to carry out a continuing program of encouraging private and public organizations at the national, community, and neighborhood levels to provide increased homeownership and housing opportunities in urban and rural areas for lower income families through such means as—

(A) encouraging the investment in, and sponsoring of, housing for lower income families;

(B) encouraging the establishment of programs of assistance and counseling to lower income families to enable them better to achieve and afford adequate housing;

(C) providing a broad range of technical assistance through publications and advisory services to public and private organizations which are carrying out, or are desirous of carrying out, programs to expand homeownership and housing opportunities for lower income families; and

(D) providing grants and loans to public and private organizations carrying out homeownership and housing opportunity programs for lower income families to help cover some of the expenses of such programs.

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HOUSING PROVISIONS OF SPECIAL INTEREST (Continued)

Board of Directors; appointment of members; Chairman; terms of office;
reappointment; compensation and travel expenses; Executive Director
and other officers; vacancies; by-laws

(b) (1) The Foundation shall have a Board of Directors consisting of eighteen members, fifteen of whom shall be appointed by the President of the United States, with the advice and consent of the Senate. The other three members shall be, ex officio, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Director of the Office of Economic Opportunity. The President shall appoint one of the fifteen appointed members to serve as Chairman of the Board during his term of office as a member.

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PUBLIC LAW 499 - 81st CONGRESS, 2nd SESSION

RURAL REHABILITATION CORPORATION TRUST LIQUIDATION ACT

Sec. 1 (40 U.S.C. 440 Note) This Act may be cited as the "Rural Rehabilitation Corporation Trust Liquidation Act".

(Sec. 2) 40 U.S.C. 440 Rural Rehabilitation Corporation Trusts—(a) Liquidation; time limit

The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within three years from May 3, 1950, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is authorized and directed to negotiate with responsible officials to that end.

Conversion of assets

(b) The Secretary, insofar as is necessary to protect the interests of the United States and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

Return of properties to States; applications; use

(c) An application for the return of such properties may be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the applicant when accepted by the Secretary on behalf of the United States, that the applicant will abide by the determinations and apportionments of the Secretary provided for in sections 440-444 of this title and the payments made by the Secretary pursuant to said sections, that the returned assets and the income therefrom will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the applicant and the Secretary; and that not to exceed 3 per centum of the book value of the corporation's assets will be expended by the applicant for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements (conforming to the second sentence of this subsection) may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

Completion of transfer; deduction of expenses

(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of sections 440-444 of this

As amended through
September 6, 1966

title, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on May 3, 1950 by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

Time limit on applications; subsequent disposition of proceeds

(e) In the event no application is made, as provided for in sections 440-444 of this title, within three years from May 3, 1950 or upon receipt of a disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

Agreements for use by States; availability of appropriations

(f) The Secretary is authorized to enter into agreements with any State rural rehabilitation corporation or other State agency or official having jurisdiction of the trust assets which have been returned pursuant to application made therefor under subsection (c) of this section, and upon such terms and conditions and for such periods of time as may be mutually agreeable, to accept, administer, expend and use in such State all or any part of such trust assets or any other funds of such State rural rehabilitation corporation or State agency, which are transferred to the Secretary for carrying out the purposes of sections 1001- 1005d, 1007, 1008 and 1009 of Title 7 and in accordance with the applicable provisions of sections 1014-1029 of Title 7 as now or hereafter amended. Funds appropriated for the administration of sections 1000-1025 and 1027-1029 of Title 7 shall also be available for carrying out such agreements. May 3, 1950, c. 152, § 2, 64 Stat. 98.

(Sec. 3) 40 U.S.C. 441 Same; properties held by other Federal agencies and other corporations

Sec. 3. The provisions of sections 440-444 of this title shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order Numbered 9070, or otherwise. For the purposes of said sections the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States. May 3, 1950, c. 152, § 3, 64 Stat. 99.

(Sec. 4) 40 U.S.C. 442 Same; rules and regulations; delegation of authority

For the purposes of sections 440-444 of this title, the Secretary shall have the power to make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of sections 440-444 of this title.

May 3, 1950, c. 152, § 4, 64 Stat. 100.

As amended Sept. 6, 1966, Pub.L. 89-554, § 8(a), 80 Stat. 656.

(Sec. 5) 40 U.S.C. 443 Same; restrictions on use of trust properties; repayment of prior loans; consistency with other laws

None of the properties or assets held on May 3, 1950 by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after May 3, 1950, except for the purposes authorized under section 440(d) of this title, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of sections 1007, 1008 and 1009 of Title 7, where necessary to supplement credit already extended to borrowers from corporation trust funds. May 3, 1950, c. 152, § 5, 64 Stat. 100.

(Sec. 6) 40 U.S.C. 444 Same; finality of Secretary's determinations as to transfers; exemption from liability

(a) The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 440(c) of this title including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to said section, and upon all officers and agencies of the United States.

(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of sections 440-444 of this title. May 3, 1950, c. 152, § 6, 64 Stat. 100.

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED

Public Law 566, 83rd Congress, 2nd Session, as amended

To authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes.

(Sec. 1) 16 U.S.C. 1001

Declaration of policy

Erosion, floodwater, and sediment damages in the watersheds of the rivers and streams of the United States, causing loss of life and damage to property, constitute a menace to the national welfare; and it is the sense of Congress that the Federal Government should cooperate with States and their political subdivisions, soil or water conservation districts, flood prevention or control districts, and other local public agencies for the purpose of preventing such damages and of furthering the conservation, development, utilization, and disposal of water and thereby of preserving and protecting the Nation's land and water resources. Aug. 4, 1954, c. 656, § 1, 68 Stat. 666.

(Sec. 2) 16 U.S.C. 1002

Definitions

For the purposes of this chapter, the following terms shall mean:

The "Secretary"—the Secretary of Agriculture of the United States.

"Works of improvement"—any undertaking for—

(1) flood prevention (including structural and land treatment measures) or

(2) the conservation, development, utilization, and disposal of water

in watershed or subwatershed areas not exceeding two hundred and fifty thousand acres and not including any single structure which provides more than twelve thousand five hundred acre-feet of floodwater detention capacity, and more than twenty-five thousand acre-feet of total capacity. No appropriation shall be made for any plan involving an estimated Federal contribution to construction costs in excess of \$250,000, or which includes any structure which provides more than twenty-five hundred acre-feet of total capacity unless such plan has been approved by resolutions adopted by the appropriate committees of the Senate and House of Representatives: *Provided*, That in the case of any plan involving no single structure providing more than 4,000 acre-feet of total capacity the appropriate committees shall be the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives and in the case of any plan involving any single structure of more than 4,000 acre-feet of total capacity the appropriate committees shall be the Committee on Public Works of the Senate and the Committee on Public Works of the House of Representatives, respectively. A number of such subwatersheds when they are component parts of a larger watershed may be planned together when the local sponsoring organizations so desire.

"Local organization"—any State, political subdivision thereof, soil or water conservation district, flood prevention or control district, or combinations thereof, or any other agency having authority under State law to carry out, maintain and operate the works of improvement; or any irrigation or reservoir company, water users' association, or similar organization having such authority and not being operated for profit that may be approved by the Secretary. As amended Aug. 30, 1961, Pub.L. 87-170, 75 Stat. 408; Nov. 8, 1965, Pub.L. 89-337, 79 Stat. 1300.

As amended through
June 27, 1968

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - Continued

(Sec. 3) 16 U.S.C. 1003

Assistance to local organizations

In order to assist local organizations in preparing and carrying out plans for works of improvement, the Secretary is authorized, upon application of local organizations if such application has been submitted to, and not disapproved within 45 days by, the State agency having supervisory responsibility over programs provided for in this chapter, or by the Governor if there is no State agency having such responsibility—

(1) to conduct such investigations and surveys as may be necessary to prepare plans for works of improvement;

(2) to prepare plans and estimates required for adequate engineering evaluation;

(3) to make allocations of costs to the various purposes to show the basis of such allocations and to determine whether benefits exceed costs;

(4) to cooperate and enter into agreements with and to furnish financial and other assistance to local organizations: *Provided*, That, for the land-treatment measures, the Federal assistance shall not exceed the rate of assistance for similar practices under existing national programs;

(5) to obtain the cooperation and assistance of other Federal agencies in carrying out the purposes of this section. Aug. 4, 1954, c. 656, § 3, 68 Stat. 666; Aug. 7, 1956, c. 1027, § 1(b), 70 Stat. 1088.

(Sec. 4) 16 U.S.C. 1004

Conditions for Federal assistance

The Secretary shall require as a condition to providing Federal assistance for the installation of works of improvement that local organizations shall—

(1) acquire, or with respect to interests in land to be acquired by condemnation provide assurances satisfactory to the Secretary that they will acquire, without cost to the Federal Government, such land, easements, or rights-of-way as will be needed in connection with works of improvement installed with Federal assistance: *Provided*, That when a local organization agrees to operate and maintain any reservoir or other area included in a plan for public fish and wildlife or recreational development, the Secretary shall be authorized to bear not to exceed one-half of the costs of (a) the land, easements, or rights-of-way acquired or to be acquired by the local organization for such reservoir or other area, and (b) minimum basic facilities needed for public health and safety, access to, and use of such reservoir or other area for such purposes: *Provided further*, That the Secretary shall be authorized to participate in recreational development in any watershed project only to the extent that the need therefor is demonstrated in accordance with standards established by him, taking into account the anticipated man-days of use of the projected recreational development and giving consideration to the availability within the region of existing water-based outdoor recreational developments: *Provided further*, That the Secretary shall be authorized to participate in not more than one recreational development in a watershed project containing less than seventy-five thousand acres, or two such developments in a project containing between seventy-five thousand and one hundred and fifty thousand acres, or three such developments in projects exceeding one hundred and fifty thousand acres: *Provided further*, That when

As amended through
June 27, 1968

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - Continued

the Secretary and a local organization have agreed that the immediate acquisition by the local organization of land, easements, or rights-of-way is advisable for the preservation of sites for works of improvement included in a plan from encroachment by residential, commercial, industrial, or other development, the Secretary shall be authorized to advance to the local organization from funds appropriated for construction of works of improvement the amounts required for the acquisition of such land, easements or rights-of-way; and, except where such costs are to be borne by the Secretary, such advance shall be repaid by the local organization, with interest, prior to construction of the works of improvement, for credit to such construction funds.

(2) assume (A) such proportionate share, as is determined by the Secretary to be equitable in consideration of national needs and assistance authorized for similar purposes under other Federal programs, of the costs of installing any works of improvement, involving Federal assistance (excluding engineering costs), which is applicable to the agricultural phases of the conservation, development, utilization, and disposal of water or for fish and wildlife or recreational development, and (B) all of the cost of installing any portion of such works applicable to other purposes except that any part of the construction cost (including engineering costs) applicable to flood prevention and features relating thereto shall be borne by the Federal Government and paid for by the Secretary out of funds appropriated for the purposes of this chapter: *Provided*, That, in addition to and without limitation on the authority of the Secretary to make loans or advancements under section 1006a of this title, the Secretary may pay for any storage of water for anticipated future demands or needs for municipal or industrial water included in any reservoir structure constructed or modified under the provisions of this chapter not to exceed 30 per centum of the total estimated cost of such reservoir structure where the local organization gives reasonable assurances, and there is evidence, that such demands for the use of such storage will be made within a period of time which will permit repayment of the cost of such water supply storage within the life of the reservoir structure: *Provided further*, That the local organization shall agree prior to initiation of construction or modification of any reservoir structure including such water supply storage to repay the cost of such water supply storage for anticipated future demands: *And provided further*, That the entire amount of the cost paid by the Secretary for such water supply storage for anticipated future demands shall be repaid within the life of the reservoir structure but in no event to exceed fifty years after the reservoir structure is first used for the storage of water for water supply purposes, except that (1) no repayment of the cost of such water supply storage for anticipated future demands need be made until such supply is first used, and (2) no interest shall be charged on the cost of such water supply storage for anticipated future demands until such supply is first used, but in no case shall the interest-free period exceed ten years. The interest rate used for purposes of computing the interest on the unpaid balance shall be determined in accordance with the provisions of section 1006a of this title.

(3) make arrangements satisfactory to the Secretary for defraying costs of operating and maintaining such works of improvement, in accordance with regulations presented by the Secretary of Agriculture;

(4) acquire, or provide assurance that landowners or water users have acquired, such water rights, pursuant to State law, as may be needed in the installation and operation of the work of improvement;

(5) obtain agreements to carry out recommended soil conservation measures and proper farm plans from owners of not less than 50 per centum of the lands situated in the drainage area above each retention reservoir to be installed with Federal assistance; and

As amended through
June 27, 1968

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - (Continued)

(6) submit a plan of repayment satisfactory to the Secretary for any loan or advancement made under the provisions of section 1006a of this title. Aug. 4, 1954, c. 656, § 4, 68 Stat. 667; Aug. 7, 1956, c. 1027, § 1(c-e), 70 Stat. 1088; Sept. 2, 1958, Pub.L. 85-865, § 1, 72 Stat. 1605.

As amended June 29, 1960, Pub.L. 86-545, 74 Stat. 254; Sept. 27, 1962, Pub.L. 87-703, Title I, §§ 103, 104, 76 Stat. 608, 609.

(Sec. 5) 16 U.S.C. 1005

Works of improvement—Engineering and other services; reimbursement; advances

(1) At such time as the Secretary and the interested local organization have agreed on a plan for works of improvement, and the Secretary has determined that the benefits exceed the costs, and the local organization has met the requirements for participation in carrying out the works of improvement as set forth in section 1004 of this title, the local organization may secure engineering and other services, including the design, preparation of contracts and specifications, awarding of contracts, and supervision of construction, in connection with such works of improvement, by retaining or employing a professional engineer or engineers satisfactory to the Secretary or may request the Secretary to provide such services: *Provided*, That if the local organization elects to employ a professional engineer or engineers, the Secretary shall reimburse the local organization for the costs of such engineering and other services secured by the local organization as are properly chargeable to such works of improvement in an amount not to exceed the amount agreed upon in the plan for works of improvement or any modification thereof: *Provided further*, That the Secretary may advance such amounts as may be necessary to pay for such services, but such advances with respect to any works of improvement shall not exceed 5 per centum of the estimated installation cost of such works.

Federal construction; request by local organization

(2) Except as to the installation of works of improvement on Federal lands, the Secretary shall not construct or enter into any contract for the construction of any structure: *Provided*, That, if requested to do so by the local organization, the Secretary may enter into contracts for the construction of structures.

Transmission of certain plans to Congress

(3) Whenever the estimated Federal contribution to the construction cost of works of improvement in the plan for any watershed or subwatershed area shall exceed \$250,000 or the works of improvement include any structure having a total capacity in excess of twenty-five hundred acre-feet, the Secretary shall transmit a copy of the plan and the justification therefor to the Congress through the President.

Transmission of certain plans and recommendations to Congress

(4) Any plan for works of improvement involving an estimated Federal contribution to construction costs in excess of \$250,000 or including any structure having a total capacity in excess of twenty-five hundred acre-feet (a) which includes reclamation or irrigation works or which affects public or other lands or wildlife under the jurisdiction of the Secretary of the Interior, (b) which includes Federal assistance for floodwater detention structures, shall be submitted to the Secretary of the Interior or the Secretary of the Army, respectively, for his views and recommendations at least thirty days prior to transmission of the plan to the Congress through the President. The views and recommendations of the Secretary of the Interior, and the Secretary of the Army, if received by the Secretary prior to the expiration of the above thirty-day period, shall accompany the plan transmitted by the Secretary to the Congress through the President.

As amended through
June 27, 1968

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - Continued

Rules and regulations

(5) Prior to any Federal participation in the works of improvement under this chapter, the President shall issue such rules and regulations as he deems necessary or desirable to carry out the purposes of this chapter, and to assure the coordination of the work authorized under this chapter and related work of other agencies, including the Department of the Interior and the Department of the Army. As amended Sept. 27, 1962, Pub. L. 87-703, Title I, § 105, 76 Stat. 609; June 27, 1968, Pub.L. 90-361, 82 Stat. 250.

(Sec. 6) 16 U.S.C. 1006

Cooperative programs

The Secretary is authorized in cooperation with other Federal and with States and local agencies to make investigations and surveys of the watersheds of rivers and other waterways as a basis for the development of coordinated programs. In areas where the programs of the Secretary of Agriculture may affect public or other lands under the jurisdiction of the Secretary of the Interior, the Secretary of the Interior is authorized to cooperate with the Secretary of Agriculture in the planning and development of works or programs for such lands. Aug. 4, 1954, c. 656, § 6, 68 Stat. 668.

Sec. 7. (33 U.S.C. 701b Note) The provisions of the Act of June 22, 1936 (49 Stat. 1570), as amended and supplemented, conferring authority upon the Department of Agriculture under the direction of the Secretary of Agriculture to make preliminary examinations and surveys and to prosecute works of improvement for runoff and waterflow retardation and soil erosion prevention on the watersheds of rivers and other waterways are hereby repealed: Provided That (a) the authority of the Department of Agriculture, under the direction of the Secretary, to prosecute the works of improvement for runoff and waterflow retardation and soil erosion prevention authorized to be carried out by the Department by the Act of December 22, 1944 (58 Stat. 887), as amended, and (b) the authority of the Secretary of Agriculture to undertake emergency measures for runoff retardation and soil erosion prevention authorized to be carried out by section 7 of the Act of June 28, 1938 (52 Stat. 1215), as amended by section 216 of the Act of May 17, 1950 (64 Stat. 163), shall not be affected by the provisions of this section: Provided further, That in connection with the eleven watershed improvement programs authorized by section 13 of the Act of December 22, 1944 (58 Stat. 887), as amended and supplemented, the Secretary of Agriculture is authorized to prosecute additional works of improvement for the conservation, development, utilization, and disposal of water in accordance with the provisions of section 4 of this Act or any amendments hereafter made thereto.

(Sec. 8) 16 U.S.C. 1006a

**Loans or advancements for financing local share of costs;
repayment; interest; maximum amount**

The Secretary is authorized to make loans or advancements (a) to local organizations to finance the local share of costs of carrying out works of improvement provided for in this chapter, and (b) to State and local agencies to finance the local share of costs of carrying out works of improvement (as defined in section 1002 of this title) in connection with the eleven watershed improvement programs authorized by section 13 of

As amended through
June 27, 1968

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - Continued

the Act of December 22, 1944 (58 Stat. 887), as amended and supplemented: *Provided*, That the works of improvement in connection with said eleven watershed improvement programs shall be integral parts of watershed or subwatershed work plans agreed upon by the Secretary of Agriculture and the concerned State and local agencies. Such loans or advancements shall be made under contracts or agreements which will provide, under such terms and conditions as the Secretary deems appropriate, for the repayment thereof in not more than fifty years from the date when the principal benefits of the works of improvement first become available, with interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which the loan or advancement is made, which are neither due nor callable for redemption for fifteen years from date of issue. With respect to any single plan for works of improvement, the amount of any such loan or advancement shall not exceed five million dollars. As amended May 13, 1960, Pub.L. 86-468, § 1, 74 Stat. 131.

(Sec. 9) 16 U.S.C. 1006b **Territorial application**

The provisions of this chapter shall be applicable to Hawaii, Alaska, Puerto Rico, and the Virgin Islands. Aug. 4, 1954, c. 656, § 9, as added Aug. 7, 1956, c. 1027, § 1(g), 70 Stat. 1090.

(Sec. 10) 16 U.S.C. 1007 **Appropriations**

There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this chapter, such sums to remain available until expended. No appropriation hereafter available for assisting local organizations in preparing and carrying out plans for works of improvement under the provisions of section 1003 of this title or clause (a) of section 1006a of this title shall be available for any works of improvement pursuant to this chapter or otherwise in connection with the eleven watershed improvement programs authorized by section 13 of the Act of December 22, 1944 (58 Stat. 887), as amended and supplemented, or for making loans or advancements to State and local agencies as authorized by clause (b) of section 1006a of this title. As amended May 13, 1960, Pub.L. 86-468, § 3, 74 Stat. 132.

Sec. 11. (16 U.S.C. 1001 Note) This Act may be cited as the "Watershed Protection and Flood Prevention Act".

(Sec. 12) 16 U.S.C. 1008 **Notification of Secretary of Interior of approval of assistance; surveys and investigations; report and recommendations; consideration; cost of surveys, investigations and reports**

When the Secretary approves the furnishing of assistance to a local organization in preparing a plan for works of improvement as provided for in section 1003 of this title:

As amended through
June 27, 1968

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - (Continued)

(1) The Secretary shall so notify the Secretary of the Interior in order that the latter, as he desires, may make surveys and investigations and prepare a report with recommendations concerning the conservation and development of wildlife resources and participate, under arrangements satisfactory to the Secretary of Agriculture, in the preparation of a plan for works of improvement that is acceptable to the local organization and the Secretary of Agriculture.

(2) Full consideration shall be given to the recommendations contained in any such report of the Secretary of the Interior as he may submit to the Secretary of Agriculture prior to the time the local organization and the Secretary of Agriculture have agreed on a plan for works of improvement. The plan shall include such of the technically and economically feasible works of improvement for wildlife purposes recommended in the report by the Secretary of the Interior as are acceptable to, and agreed to by, the local organization and the Secretary of Agriculture, and such report of the Secretary of the Interior shall, if requested by the Secretary of the Interior, accompany the plan for works of improvement when it is submitted to the Secretary of Agriculture for approval or transmitted to the Congress through the President.

(3) The cost of making surveys and investigations and of preparing reports concerning the conservation and development of wildlife resources shall be borne by the Secretary of the Interior out of funds appropriated to his Department. Aug. 4, 1954, c. 656, § 12, as added Aug. 12, 1958, Pub.L. 85-624, § 3, 72 Stat. 567.

PUBLIC LAW 692 - 84th CONGRESS, 2nd SESSION
PUERTO RICO HURRICANE RELIEF LOANS

(70 Stat. 525 - not codified)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the authority functions, obligations, and documents relating to Puerto Rican hurricane relief loans to individual coffee planters, coconut planters, fruitgrowers, or other agriculturists (45 Stat. 1067, and 45 Stat. 1627, as modified by 49 Stat. 926 and 49 Stat. 928), heretofore transferred to the Division of Territories and Island Possessions, Department of the Interior, pursuant to the public resolution of June 3, 1935 (49 Stat. 320), and to the Secretary of the Interior pursuant to Reorganization Plan Numbered 3 of 1950 (64 Stat. 1262), are hereby transferred to the Secretary of Agriculture. The authority of the Secretary of Agriculture described in the Act of December 20, 1944, and in section 41(g) of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C., sec. 1015(g)), is hereby extended, as additional authority, to apply to the obligations and documents transferred by this section.

Sec. 2. The Secretary of Agriculture is hereby authorized to sell to the Commonwealth of Puerto Rico the obligations and documents transferred to him by section 1 hereof, for such consideration as may be consistent with the purposes of the resolution of Congress creating the Puerto Rico Hurricane Relief Commission.

Sec. 3. There are hereby transferred to the Public Housing Commissioner all right, title, and interest, including contractual rights and reversionary interests, held by the Federal Government in and with respect to the apartment development in San Juan, Puerto Rico, known as the Falansterio Apartments, heretofore administered by the Secretary of the Interior. All of the powers, duties, and responsibilities of the Secretary of the Interior under the private sales contract executed on July 1, 1948, by the United States, represented by the Assistant Administrator of the Puerto Rico Reconstruction Administration, and the Cooperative Association of the Falansterio, and transferred to the Secretary of the Interior pursuant to Reorganization Plan Numbered 3 of 1950 (64 Stat. 1262), are hereby transferred to the Public Housing Commissioner. If, under the terms of the private sales contract or otherwise the Public Housing Commissioner takes possession of the Falansterio Apartments, or any part thereof, he is authorized to improve and administer the property, to release, convey, or reconvey any part thereof, and to otherwise dispose of the remaining property. Notwithstanding any other provision of law, any funds collected by the Public Housing Commissioner under this section shall be available for expenses incurred by him hereunder.

Sec. 4. The Public Housing Commissioner is hereby authorized to sell to the Commonwealth of Puerto Rico, for such consideration mutually agreeable, the rights, title, and interest transferred to him by Section 3 hereof with respect to the Falansterio Apartments, and to transfer to the Commonwealth of Puerto Rico the powers, duties and responsibilities under the private sales contract executed on July 1, 1948 mentioned in Section 3 hereof.

PUBLIC LAW 692 - 84th CONGRESS, 2nd SESSION - PUERTO RICO HURRICANE RELIEF
LOANS - Continued

Sec. 5. Any funds collected by the Secretary of Agriculture under sections 1 and 2 hereof, may be credited to appropriations current at the time such funds are received, to the extent necessary to reimburse such appropriation for expenditures required in the administration of this Act.

Sec. 6. All deeds pertaining to property of the Puerto Rico Reconstruction Administration executed by the Secretary of the Interior or his designees subsequent to February 15, 1955, are hereby confirmed.

Sec. 7. This Act shall take effect upon its approval. Approved July 11, 1956.

Note: P.L. 89-348 approved November 8, 1965 discontinues the submission of the Annual Report to Congress on Puerto Rican Hurricane loans. This report was requested in Public Res. No 74 (70th Congress) December 21, 1928.

As enacted July 11, 1956
No amendments

RURAL RENEWAL

TITLE III OF THE BANKHEAD-JONES FARM TENANT ACT

(Sec. 31) 7 U.S.C. 1010

Land conservation and land utilization

The Secretary is authorized and directed to develop a program of land conservation and land utilization, in order thereby to correct maladjustments in land use, and thus assist in controlling soil erosion, reforestation, preserving natural resources, protecting fish and wildlife, developing and protecting recreational facilities, mitigating floods, preventing impairment of dams and reservoirs, conserving surface and subsurface moisture, protecting the watersheds of navigable streams, and protecting the public lands, health, safety, and welfare, but not to build industrial parks or establish private industrial or commercial enterprises. As amended Nov. 8, 1966, Pub.L. 89-796, § 1(a), 80 Stat. 1478.

(Sec. 32) 7 U.S.C. 1011

Powers of Secretary of Agriculture

To effectuate the program provided for in section 1010 of this title, the Secretary is authorized—

* * * * *

(e) To cooperate with Federal, State, territorial, and other public agencies and local nonprofit organizations in developing plans for a program of land conservation and land utilization, to assist in carrying out such plans by means of loans to State and local public agencies and local nonprofit organizations designated by the State legislature or the Governor, to conduct surveys and investigations relating to conditions and factors affecting, and the methods of accomplishing most effectively the purposes of this subchapter, and to disseminate information concerning these activities. Loans to State and local public agencies and to local nonprofit organizations shall be made only if such plans have been submitted to, and not disapproved within 45 days by, the State agency having supervisory responsibility over such plans, or by the Governor if there is no such State agency. No appropriation shall be made for any single loan under this subsection in excess of \$250,000 unless such loan has been approved by resolutions adopted by the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives. Loans under this subsection shall be made under contracts which will provide, under such terms and conditions as the Secretary deems appropriate, for the repayment thereof in not more than 30 years, with interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury on its marketable public obligations outstanding at the beginning of the fiscal year in which the loan is made, which are neither due nor callable for redemption for 15 years from date of issue. Repayment of principal and interest on such loans shall begin within 5 years.

As amended Aug. 31, 1964, Pub.L. 88-537, 78 Stat. 745; Nov. 8, 1966, Pub.L. 89-796, § 1(b), 80 Stat. 1478.

* * * * *

As amended through
November 8, 1966

(Sec. 35) 7 U.S.C. 1013a

Benefits extended to Puerto Rico and Virgin Islands; county defined; payments to Governor or fiscal agent of county

The provisions of this subchapter*shall extend to Puerto Rico and the Virgin Islands. In the case of Alaska, Puerto Rico, and the Virgin Islands, the term "county" as used in this subchapter may be the entire area, or any subdivision thereof as may be determined by the Secretary, and payments under section 1012 of this title shall be made to the Governor or to the fiscal agent of such subdivision. July 22, 1937, c. 517, Title III, § 35 as added Aug. 8, 1961, Pub.L. 87-128, Title III, § 342, 75 Stat. 318.

*Title III of the Bankhead-Jones Farm Tenant Act.

ECONOMIC OPPORTUNITY ACT OF 1964, AS AMENDED

PUBLIC LAW 88-452, AS AMENDED

TITLE III - Special Programs to Combat Poverty in
Rural Areas

PART A.—RURAL LOAN PROGRAM

(Sec. 301) 42 U.S.C. 2841 **Congressional statement of purpose**

It is the purpose of this part to meet some of the special needs of low-income rural families by establishing a program of loans to assist in raising and maintaining their income and living standards.

As amended Pub.L. 90-222, Title I, § 105(b), Dec. 23, 1967, 81 Stat. 709.

(Sec. 302) 42 U.S.C. 2851 **Loans to low income rural families; maximum amounts and maturity; qualification to obtain funds under other Federal programs**

(a) The Director is authorized to make loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than \$3,500 at any one time to any low income rural family where, in the judgment of the Director, such loans have a reasonable possibility of effecting a permanent increase in the income of such families, or, in the case of the elderly, will contribute to the improvement of their living or housing conditions by assisting or permitting them to—

(A) acquire or improve real estate or reduce encumbrances or erect improvements thereon,

(B) operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment, or

(C) participate in cooperative associations; and/or to finance nonagricultural enterprises which will enable such families to supplement their income.

(b) Loans under this section shall be made only if the family is not qualified to obtain such funds by loan under other Federal programs. Pub.L. 88-452, Title III, § 302, Aug. 20, 1964, 78 Stat. 524.

As amended Pub.L. 89-253, § 21, Oct. 9, 1965, 79 Stat. 976; Pub.L. 89-794, Title III, § 301(a), Nov. 8, 1966, 80 Stat. 1464; Pub.L. 90-222, Title I, § 105(c), Dec. 23, 1967, 81 Stat. 709; Pub.L. 91-177, Title I, § 108, Dec. 30, 1969, 83 Stat. 330.

(Sec. 303) 42 U.S.C. 2852 **Loans to local cooperative associations**

The Director is authorized to make loans to local cooperative associations furnishing essential processing, purchasing, or marketing services, supplies, or facilities predominantly to low-income rural families. Pub.L. 88-452, Title III, § 303, Aug. 20, 1964, 78 Stat. 524.

(Sec. 304) 42 U.S.C. 2853 **Limitations on assistance**

No financial or other assistance shall be provided under this part unless the Director determines that—

(a) the providing of such assistance will materially further the purposes of this part, and

(b) in the case of assistance provided pursuant to section 2852 of this title, the applicant is fulfilling or will fulfill a need for services, facilities, or activities which is not otherwise being met.

Pub.L. 88-452, Title III, § 304, Aug. 20, 1964, 78 Stat. 524.

(Sec. 305) 42 U.S.C. 2854 **Loan terms and conditions**

Loans pursuant to sections 2851 and 2852 of this title shall have such terms and conditions as the Director shall determine, subject to the following limitations:

(a) there is reasonable assurance of repayment of the loan;

(b) the credit is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;

(c) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made;

(d) the loan bears interest at a rate not less than (1) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (2) such additional charge, if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes;

(e) with respect to loans made pursuant to section 2852 of this title, the loan is repayable within not more than thirty years; and

(f) no financial or other assistance shall be provided under this part to or in connection with any corporation or cooperative organization for the production of agricultural commodities or for manufacturing purposes: *Provided*, That (1) packing, canning, cooking, freezing, or other processing used in preparing or marketing edible farm products, including dairy products, shall not be regarded as manufacturing merely by reason of the fact that it results in the creation of a new or different substance; and (2) a cooperative organization formed by and consisting of members of an Indian tribe (including any tribe with whom the special Federal relationship with Indians has been terminated) engaged in the production of agricultural commodities, or in manufacturing products, on an Indian reservation (or former reservation in the case of tribes with whom the special Federal relationship with Indians has been terminated) shall not be regarded as a cooperative organization within the purview of this clause.

Pub.L. 88-452, Title III, § 305, Aug. 20, 1964, 78 Stat. 524.

As amended Pub.L. 89-253, § 22, Oct. 9, 1965, 79 Stat. 977; Pub.L. 89-794, Title III, § 301(b), Nov. 8, 1966, 80 Stat. 1464.

(Sec. 306) 42 U.S.C. 2855 **Revolving fund—Establishment; capital**

(a) To carry out the lending and guaranty functions authorized under this part, there is authorized to be established a revolving fund. The capital of the fund shall consist of such amounts as may be advanced to it by the Director from funds appropriated pursuant to section 2871 of this title and shall remain available until expended.

PUBLIC LAW 88-452, AS AMENDED - Continued

Interest payments

(b) The Director shall pay into miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the capital of the fund at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity during the last month of the preceding fiscal year. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payments so deferred shall themselves bear interest.

Excess capital; credit to appropriations

(c) Whenever any capital in the fund is determined by the Director to be in excess of current needs, such capital shall be credited to the appropriation from which advanced, where it shall be held for future advances.

Receipts from lending and guaranty operations; availability of funds

(d) Receipts from any lending and guaranty operations under this chapter (except operations under subchapter IV of this chapter carried on by the Small Business Administration) shall be credited to the fund. The fund shall be available for the payment of all expenditures of the Director for loans, participations, and guaranties authorized under this part. Pub.L. 88-452, Title III, § 306, formerly Title VI, § 606, Aug. 20, 1964, 78 Stat. 531, amended Pub.L. 89-794, Title IV, § 407, Nov. 8, 1966, 80 Stat. 465; renumbered and amended Pub.L. 90-222, Title I, § 105(d), Dec. 23, 1967, 81 Stat. 709.

PART B.—ASSISTANCE FOR MIGRANT, AND OTHER SEASONALLY EMPLOYED, FARMWORKERS AND THEIR FAMILIES

(Sec. 311) 42 U.S.C. 2861

Congressional statement of purpose

The purpose of this part is to assist migrant and seasonal farmworkers and their families to improve their living conditions and develop skills necessary for a productive and self-sufficient life in an increasingly complex and technological society.

As amended Pub.L. 89-253, § 23, Oct. 9, 1965, 79 Stat. 977; Pub.L. 90-222, Title I, § 105(e), Dec. 23, 1967, 81 Stat. 709.

(Sec. 312) 42 U.S.C. 2862

Financial assistance

(a) The Director may provide financial assistance to assist State and local agencies, private nonprofit institutions and cooperatives in developing and carrying out programs to fulfill the purpose of this part.

(b) Programs assisted under this part may include projects or activities—

(1) to meet the immediate needs of migrant and seasonal farmworkers and their families, such as day care for children, education, health services, improved housing and sanitation (including the provision and maintenance of emergency and temporary housing and sanitation facilities), legal advice and representation, and consumer training and counseling;

(2) to promote increased community acceptance of migrant and seasonal farmworkers and their families; and

(3) to equip unskilled migrant and seasonal farmworkers and members of their families as appropriate through education and training to meet the changing demands in agricultural employment brought about by technological advancement and to take advantage of opportunities available to improve their well-being and self-sufficiency by gaining regular or permanent employment or by participating in available Government training programs.

Pub.L. 88-452, Title III, § 312, as added Pub.L. 90-222, Title I, § 105(e), Dec. 23, 1967, 81 Stat. 709.

(Sec. 313) 42 U.S.C. 2863

Limitation of assistance

(a) Assistance shall not be extended under this part unless the Director determines that the applicant will maintain its prior level of effort in similar activities.

(b) The Director shall establish necessary procedures or requirements to assure that programs under this part are carried on in coordination with other programs or activities providing assistance to the persons and groups served.

Pub.L. 88-452, Title III, § 313, as added Pub.L. 90-222, Title I, § 105(e), Dec. 23, 1967, 81 Stat. 710.

PUBLIC LAW 88-452, AS AMENDED - Continued

(Sec. 314) 42 U.S.C. 2864

Technical assistance, training, and evaluation

(a) The Director may provide directly or through grants, contracts, or other arrangements, such technical assistance or training of personnel as may be required to implement effectively the purposes of this subchapter.

(b) The Director shall provide for necessary evaluation of projects under this subchapter and may, through grants or contracts, secure independent evaluation for this purpose. The results of such evaluation shall be published and shall be summarized in the report required by section 2948 of this title.

Pub.L. 88-452, Title III, § 314, as added Pub.L. 90-222, Title I, § 105(e), Dec. 23, 1967, 81 Stat. 710.

PART C.—DURATION OF PROGRAM

(Sec. 321) 42 U.S.C. 2871 **Duration of program**

The Director shall carry out the programs provided for in this subchapter during the fiscal year ending June 30, 1967, and the five succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

As amended Pub.L. 89-253, § 30(c), Oct. 9, 1965, 79 Stat. 979; Pub.L. 89-794, Title III, § 302, Nov. 8, 1966, 80 Stat. 1465; Pub.L. 91-177, Title I, § 101(b), Dec. 30, 1969, 83 Stat. 827.

SUBCHAPTER VI.—ADMINISTRATION AND COORDINATION

PART A.—ADMINISTRATION

(Sec. 609) 42 U.S.C. 2949 **Definitions**

As used in this chapter—

(1) the term "State" means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, or the Virgin Islands, and for purposes of subchapters I, II, part A of subchapter III, and subchapter IV, of this chapter the meaning of "State" shall also include the Trust Territory of the Pacific Islands; except that when used in section 2812 of this title this term means only a State or the District of Columbia. The term "United States" when used in a geographical sense includes all those places named in the previous sentence, and all other places continental or insular, subject to the jurisdiction of the United States;

(2) the term "financial assistance" when used in subchapters I and II of this chapter, part B of subchapter III of this chapter, subchapter IV of this chapter, and part B of subchapter V of this chapter includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services;

As amended Pub.L. 91-177, Title I, § 109, Dec. 30, 1969, 83 Stat. 320.

42 U.S.C. 2702a Authorization of appropriations

(a) For the purpose of carrying out this chapter, there are hereby authorized to be appropriated \$2,195,500,000 for the fiscal year ending June 30, 1970, and \$2,295,500,000 for the fiscal year ending June 30, 1971.

Notwithstanding any other provision of law, unless expressly in limitation of the provisions of this section, of the amounts appropriated pursuant to subsection (a) of this section for the fiscal year ending June 30, 1970, and for the next fiscal year, the Director shall for each such fiscal year reserve and make available not less than \$328,900,000 for the purpose of local initiative programs authorized under section 2808 of this title, and the remainder of such amounts shall be allocated, subject to the provisions of section 2966 of this title, in such a manner that of such remaining amounts so appropriated for each fiscal year—

(5) \$12,000,000 shall be for the purpose of carrying out part A of subchapter III of this chapter (relating to rural loans);

(6) \$34,000,000 shall be for the purpose of carrying out part B of subchapter III of this chapter (relating to assistance for migrant and

ALASKA OMNIBUS ACT

1964 Amendments to the Alaska Omnibus Act
Affecting Farmers Home Administration
as Authorized by Public Law 88-451, 88th Congress

Sec. 4. The Alaska Omnibus Act (73 Stat. 141) is amended by adding the following new sections at the end of section 50 thereof:

NEW FEDERAL LOAN ADJUSTMENTS

Sec. 51 (a). (48 U.S.C. Sec. 21 Note). The Secretary of Agriculture is authorized to compromise or release such portion of a borrower's indebtedness under programs administered by the Farmers Home Administration in Alaska as he finds necessary because of loss resulting from the 1964 earthquake and subsequent seismic waves, and he may refinance outstanding indebtedness of applicants in Alaska for loans under section 502 of the Housing Act of 1949 for the repair, reconstruction, or replacement of dwellings or farm buildings lost, destroyed, or damaged by such causes and securing such outstanding indebtedness. Such loans may also provide for the purchase of building sites, when the original sites cannot be utilized.

TERMINATION DATE

Sec. 6. (48 U.S.C. 21 Note). The authority contained in this Act shall expire on June 30, 1967, except that such expiration shall not affect the payment of expenditures for any obligation or commitment entered into under this Act prior to June 30, 1967.

REPORTING

Sec. 7. (48 U.S.C. 21 Note). The President shall report semiannually during the term of this Act to the President of the Senate and the Speaker of the House on the actions taken under this Act by the various Federal agencies. The first such report shall be submitted not later than February 1, 1965 and shall cover the period ending December 31, 1964.

As amended through
August 19, 1964

APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

PUBLIC LAW 89-4

TITLE II - SPECIAL APPALACHIAN PROGRAMS

PART A - NEW PROGRAMS

(Sec. 204) 40 U.S.C. Appendix A 204

Timber development organizations

(a) In order that the region shall more fully benefit from the timber stands that are one of its prime assets, the Secretary of Agriculture is authorized to—

(1) provide technical assistance in the organization and operation, under State law, of private timber development organizations having as their objective the carrying out of timber development programs to improve timber productivity and quality, and increase returns to landowners through establishment of private nonprofit corporations, which on a self-supporting basis may provide (A) continuity of management, good cutting practices, and marketing services, (B) physical consolidation of small holdings or administrative consolidation for efficient management under long-term agreement, (C) management of forest lands, donated to the timber development organizations for demonstrating good forest management, on a profitable and taxpaying basis, and (D) establishment of a permanent fund for perpetuation of the work of the corporations to be composed of donations, real or personal, for educational purposes.

(2) provide not more than one-half of the initial capital requirements of such timber development organizations through loans under the applicable provisions of the Consolidated Farmers Home Administration Act of 1961. Such loans shall not be used for the construction or acquisition of facilities for manufacturing, processing, or marketing forest products, or for physical consolidation of small timber holdings authorized by (1) (B) above except for the establishment of demonstration units.

(b) The Secretary of Agriculture is authorized to provide technical assistance, make grants, enter into contracts, or otherwise provide funds, first to colleges, universities and other institutions of higher education (with priority to land grant schools), and thereafter to forest products research institutions in the region and other appropriate public and private organizations, which schools, institutions, and organizations have the demonstrated capability to perform such research, for Appalachian hardwood products research, including investigations, studies, and demonstrations, which will further the purposes of this Act. Funds shall be provided only for programs and projects which will contribute significantly to the development of (1) Appalachian hardwood technology, (2) new or improved uses of Appalachian hardwood resources, (3) new or improved processes or methods for producing hardwood products, or (4) new or improved markets for such products. Funds under this section shall be provided solely out of sums specifically appropriated for the purpose of carrying out this Act, and shall not be taken into account in the allocation or distribution of funds pursuant to any other provision of law.

(c) Not to exceed \$2,000,000 of the funds authorized in section 401 of this Act for the two-fiscal-year period ending June 30, 1969, shall be available to carry out the purposes of subsection (b) of this section. As amended Pub.L. 90-103, Title I, § 109, Oct. 11, 1967, 81 Stat. 260.

As amended through
October 11, 1967

PUBLIC INFORMATION ACT, PUBLIC LAW 90-23*

(Sec. 1) 5 U.S.C. 552

Public information; agency rules, opinions, orders, records, and proceedings

(a) Each agency shall make available to the public information as follows:

(1) Each agency shall separately state and currently publish in the Federal Register for the guidance of the public—

(A) descriptions of its central and field organization and the established places at which, the employees (and in the case of a uniformed service, the members) from whom, and the methods whereby, the public may obtain information, make submittals or requests, or obtain decisions;

(B) statements of the general course and method by which its functions are channeled and determined, including the nature and requirements of all formal and informal procedures available;

(C) rules of procedure, descriptions of forms available or the places at which forms may be obtained, and instructions as to the scope and contents of all papers, reports, or examinations;

(D) substantive rules of general applicability adopted as authorized by law, and statements of general policy or interpretations of general applicability formulated and adopted by the agency; and

(E) each amendment, revision, or repeal of the foregoing.

Except to the extent that a person has actual and timely notice of the terms thereof, a person may not in any manner be required to resort to, or be adversely affected by, a matter required to be published in the Federal Register and not so published. For the purpose of this paragraph, matter reasonably available to the class of persons affected thereby is deemed published in the Federal Register when incorporated by reference therein with the approval of the Director of the Federal Register.

(2) Each agency, in accordance with published rules, shall make available for public inspection and copying—

(A) final opinions, including concurring and dissenting opinions, as well as orders, made in the adjudication of cases;

(B) those statements of policy and interpretations which have been adopted by the agency and are not published in the Federal Register; and

(C) administrative staff manuals and instructions to staff that affect a member of the public;

unless the materials are promptly published and copies offered for sale. To the extent required to prevent a clearly unwarranted invasion of personal privacy, an agency may delete identifying details when it makes available or publishes an opinion, statement of policy,

*For the Departmental regulations implementing this Act see 7 C.F.R. 1.1, et seq.; the FHA regulations are contained in 7 C.F.R. 1813 et seq.

Approved June 5, 1967

interpretation, or staff manual or instruction. However, in each case the justification for the deletion shall be explained fully in writing. Each agency also shall maintain and make available for public inspection and copying a current index providing identifying information for the public as to any matter issued, adopted, or promulgated after July 4, 1967, and required by this paragraph to be made available or published. A final order, opinion, statement of policy, interpretation, or staff manual or instruction that affects a member of the public may be relied on, used, or cited as precedent by an agency against a party other than an agency only if—

(i) it has been indexed and either made available or published as provided by this paragraph; or

(ii) the party has actual and timely notice of the terms thereof.

(3) Except with respect to the records made available under paragraphs (1) and (2) of this subsection, each agency, on request for identifiable records made in accordance with published rules stating the time, place, fees to the extent authorized by statute, and procedure to be followed, shall make the records promptly available to any person. On complaint, the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the agency records are situated, has jurisdiction to enjoin the agency from withholding agency records and to order the production of any agency records improperly withheld from the complainant. In such a case the court shall determine the matter de novo and the burden is on the agency to sustain its action. In the event of noncompliance with the order of the court, the district court may punish for contempt the responsible employee, and in the case of a uniformed service, the responsible member. Except as to causes the court considers of greater importance, proceedings before the district court, as authorized by this paragraph, take precedence on the docket over all other causes and shall be assigned for hearing and trial at the earliest practicable date and expedited in every way.

(4) Each agency having more than one member shall maintain and make available for public inspection a record of the final votes of each member in every agency proceeding.

(b) This section does not apply to matters that are—

(1) specifically required by Executive order to be kept secret in the interest of the national defense or foreign policy;

(2) related solely to the internal personnel rules and practices of an agency;

(3) specifically exempted from disclosure by statute;

(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;

(5) inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency;

(6) personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;

(7) investigatory files compiled for law enforcement purposes except to the extent available by law to a party other than an agency;

PUBLIC LAW 90-23 (Continued)

(8) contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or

(9) geological and geophysical information and data, including maps, concerning wells.

(c) This section does not authorize withholding of information or limit the availability of records to the public, except as specifically stated in this section. This section is not authority to withhold information from Congress. Pub.L. 89-554, Sept. 6, 1966, 80 Stat. 383; Pub.L. 90-23, § 1, June 5, 1967, 81 Stat. 54.

EXCERPTS FROM THE PARTICIPATION SALES ACT OF 1966

PUBLIC LAW 89-429, AS AMENDED

* * * * *

(Sec. 2) 12 U.S.C. 1717

Administration of trusts; obligations of departments and agencies of the United States; exemption of interest income from taxation; authorization of appropriations for differential reimbursements

(c) (1) Notwithstanding any other provision of this chapter or of any other law, the Association* is authorized under section 1721 of this title to create, accept, execute, and otherwise administer in all respects such trusts, receiverships, conservatorships, liquidating or other agencies, or other fiduciary and representative undertakings and activities, hereinafter in this subsection called "trusts", as might be appropriate for financing purposes; and in relation thereto the Association may acquire, hold and manage, dispose of, and otherwise deal in any mortgages or other types of obligations in which any department or agency of the United States listed in paragraph (2) of this subsection may have a financial interest. The Association may join in any such undertakings and activities, hereinafter in this subsection called "trusts", notwithstanding that it is also serving in a fiduciary or representative capacity; and is authorized to guarantee any participations or other instruments, whether evidence of property rights or debt, issued for such financing purposes. Participations or other instruments issued by the Association pursuant to this subsection shall to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission. The amounts of any mortgages and other obligations acquired by the Association under section 1721 of this title, pursuant to this subsection, shall not be included in the total amounts set forth in section 1721(c) of this title.

(2) Subject to the limitations provided in paragraph (4) of this subsection, one or more trusts may be established as provided in this subsection by each of the following departments or agencies:

(A) The Farmers Home Administration of the Department of Agriculture, but only with respect to operating loans, direct farm ownership loans, direct housing loans, and direct soil and water loans. Such trusts may not be established with respect to loans for housing for the elderly under sections 1472 and 1485(a) of Title 42, nor with respect to loans for nonfarm recreational development.

(B) The Department of Health, Education, and Welfare, but only with respect to loans made by the Commissioner of Education for construction of academic facilities, and loans to help finance student loan programs.

(C) The Department of Housing and Urban Development.

(D) The Veterans' Administration.

(E) The Export-Import Bank.

(F) The Small Business Administration.

The head of each such department or agency, hereinafter in this subsection called the "trustor", is authorized to set aside a part or all of any obligations held by him and subject them to a trust or trusts and, incident thereto, shall guarantee to the trustee timely payment thereof. The trust instrument may provide for the issuance and sale of beneficial interests or participations, by the trustee, in such obligations or in the right to receive interest and principal collections therefrom; and may provide for the substitution or withdrawal of such obligations, or for the substitution of cash for obligations. The trust or trusts shall be exempt from all taxation. The trust instrument may also contain other appropriate

*Government National Mortgage Association

As amended through
August 1, 1968

EXCERPTS FROM THE PARTICIPATION SALES ACT OF 1966 (Continued)

provisions in keeping with the purposes of this subsection. The Association shall be named and shall act as trustee of any such trusts and, for the purposes thereof, the title to such obligations shall be deemed to have passed to the Association in trust. The trust instrument shall provide that custody, control, and administration of the obligations shall remain in the trustor subjecting the obligations to the trust, subject to transfer to the trustee in event of default or probable default, as determined by the trustee, in the payment of principal and interest of the beneficial interests or participations. Collections from obligations subject to the trust shall be dealt with as provided in the instrument creating the trust. The trust instrument shall provide that the trustee will promptly pay to the trustor the full net proceeds of any sale of beneficial interests or participations to the extent they are based upon such obligations or collections. Such proceeds shall be dealt with as otherwise provided by law for sales or repayment of such obligations. The effect of both past and future sales of any issue of beneficial interests or participations shall be the same, to the extent of the principal of such issue, as the direct sale with recourse of the obligations subject to the trust. Any trustor creating a trust or trusts hereunder is authorized to purchase, through the facilities of the trustee, outstanding beneficial interests or participations to the extent of the amount of his responsibility to the trustee on beneficial interests or participations outstanding, and to pay his proper share of the costs and expenses incurred by the Association as trustee pursuant to the trust instrument.

(3) When any trustor guarantees to the trustee the timely payment of obligations he subjects to a trust pursuant to this subsection, and it becomes necessary for such trustor to meet his responsibilities under such guaranty, he is authorized to fulfill such guaranty.

(4) Beneficial interests or participations shall not be issued for the account of any trustor in an aggregate principal amount greater than is authorized with respect to such trustor in an appropriation Act. Any such authorization shall remain available only for the fiscal year for which it is granted and for the succeeding fiscal year.

(5) The Association, as trustee, is authorized to issue and sell beneficial interests or participations under this subsection, notwithstanding that there may be an insufficiency in aggregate receipts from obligations subject to the related trust to provide for the payment by the trustee (on a timely basis out of current receipts or otherwise) of all interest or principal on such interests or participations (after provision for all costs and expenses incurred by the trustee, fairly prorated among trustors). There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable any trustor to pay the trustee such insufficiency as the trustee may require on account of outstanding beneficial interests or participations authorized to be issued pursuant to paragraph (4) of this subsection. Such trustor shall make timely payments to the trustee from such appropriations, subject to and in accord with the trust instrument. In the event that the insufficiency required by the trustee is on account of principal maturities of outstanding beneficial interests or participations authorized to be issued pursuant to paragraph (4) of this subsection, or pursuant hereto, the trustee is authorized to elect to issue additional beneficial interests or participations for refinancing purposes in lieu of requiring any trustor or trustors to make payments to the trustee from appropriated funds or other sources. Each such issue of beneficial interests or participations shall be in an amount determined by the trustee but not in excess of the aggregate amount which the trustee would otherwise require the trustor or trustors to pay from appropriated funds or other sources, and may be issued without regard to the provisions of paragraph (4) of this subsection. All refinancing issues of beneficial interests or participations shall be deemed to have been issued pursuant to the authority contained in the appropriation Act or Acts under which the beneficial interests or participations were originally issued.*

As amended Sept. 2, 1958, Pub.L. 85-857, § 13(g), 72 Stat. 1265; Sept. 23, 1959, Pub.L. 86-372, Title III, § 301, 73 Stat. 669; June 30, 1961,

As amended through
August 1, 1968

EXCERPTS FROM THE PARTICIPATION SALES ACT OF 1966 (Continued)

Pub.L. 87-70, Title I, § 102(c), Title VI, §§ 602, 603(a), 75 Stat. 158, 176; Sept. 2, 1964, Pub.L. 88-560, Title VII, §§ 701(a), 702, 78 Stat. 800, 802; Aug. 10, 1965, Pub.L. 89-117, Title I, § 102(d), Title II, § 201 (b) (1), Title VIII, §§ 802(a), 803, 804, Title X, § 1004(a), 78 Stat. 454, 465, 493, 494, 501; May 24, 1966, Pub.L. 89-429, § 2, 80 Stat. 164; Nov. 3, 1966, Pub.L. 89-751, § 7, 80 Stat. 1236; Nov. 3, 1966, Pub.L. 89-754, Title IV, § 405, 80 Stat. 1273; May 25, 1967, Pub.L. 90-19, § 1(a) (2), (3), (j) (1), 81 Stat. 17, 18; Aug. 1, 1968, Pub.L. 90-448, Title VIII, §§ 802(c)-(g), 803, 82 Stat. 536, 542.

*Section 6(b) of Pub. L. 89-429, as amended by Pub. L. 90-448, Title VIII, Sec. 807(g), Aug. 1, 1968, 82 Stat. 545, provided that: "After June 30, 1966, no department or agency listed in section 302(c)(2) of the Federal National Mortgage Association Charter Act [subsec. (c) (2) of this section] may sell any obligation held by it except as provided in section 302(c) of that Act [subsec. (c) of this section], or as approved by the Secretary of the Treasury, except that this prohibition shall not apply to the Government National Mortgage Association."

As amended through
August 1, 1968

SECTION 101 - 131 OF TITLE I OF THE
CONSUMER CREDIT PROTECTION ACT
PUBLIC LAW 90-321

Sec. 101 This Title may be cited as the Truth in Lending Act.

SUBCHAPTER I.—CONSUMER CREDIT COST DISCLOSURE

PART A.—GENERAL PROVISIONS

(Sec. 102) 15 U.S.C. 1601 Congressional findings and declaration of purpose

The Congress finds that economic stabilization would be enhanced and the competition among the various financial institutions and other firms engaged in the extension of consumer credit would be strengthened by the informed use of credit. The informed use of credit results from an awareness of the cost thereof by consumers. It is the purpose of this subchapter to assure a meaningful disclosure of credit terms so that the consumer will be able to compare more readily the various credit terms available to him and avoid the uninformed use of credit.

Pub.L. 90-321, Title I, § 102, May 29, 1968, 82 Stat. 146.

(Sec. 103) 15 U.S.C. 1602

Definitions and rules of construction

(a) The definitions and rules of construction set forth in this section are applicable for the purposes of this subchapter.

(b) The term "Board" refers to the Board of Governors of the Federal Reserve System.

(c) The term "organization" means a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(d) The term "person" means a natural person or an organization.

(e) The term "credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(f) The term "creditor" refers only to creditors who regularly extend, or arrange for the extension of, credit for which the payment of a finance charge is required, whether in connection with loans, sales of property or services, or otherwise. The provisions of this subchapter apply to any such creditor, irrespective of his or its status as a natural person or any type of organization.

(g) The term "credit sale" refers to any sale with respect to which credit is extended or arranged by the seller. The term includes any contract in the form of a bailment or lease if the bailee or lessee contracts to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the property and services involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the property upon full compliance with his obligations under the contract.

(h) The adjective "consumer", used with reference to a credit transaction, characterizes the transaction as one in which the party to whom credit is offered or extended is a natural person, and the money, property, or services which are the subject of the transaction are primarily for personal, family, household, or agricultural purposes.

(i) The term "open end credit plan" refers to a plan prescribing the terms of credit transactions which may be made thereunder from time to time and under the terms of which a finance charge may be computed on the outstanding unpaid balance from time to time thereunder.

(j) The term "State" refers to any State, the Commonwealth of Puerto Rico, the District of Columbia, and any territory or possession of the United States.

Approved May 29, 1968

CONSUMER CREDIT PROTECTION ACT (Continued)

(k) Any reference to any requirement imposed under this subchapter or any provision thereof includes reference to the regulations of the Board under this subchapter or the provision thereof in question.

(l) The disclosure of an amount or percentage which is greater than the amount or percentage required to be disclosed under this subchapter does not in itself constitute a violation of this subchapter.
Pub.L. 90-321, Title I, § 103, May 29, 1968, 82 Stat. 147.

(Sec. 104) 15 U.S.C. 1603 **Exempted transactions**

This subchapter does not apply to the following:

(1) Credit transactions involving extensions of credit for business or commercial purposes, or to government or governmental agencies or instrumentalities, or to organizations.

(2) Transactions in securities or commodities accounts by a broker-dealer registered with the Securities and Exchange Commission.

(3) Credit transactions, other than real property transactions, in which the total amount to be financed exceeds \$25,000.

(4) Transactions under public utility tariffs, if the Board determines that a State regulatory body regulates the charges for the public utility services involved, the charges for delayed payment, and any discount allowed for early payment.

Pub.L. 90-321, Title I, § 104, May 29, 1968, 82 Stat. 147.

(Sec. 105) 15 U.S.C. 1604 **Rules and regulations**

The Board shall prescribe regulations to carry out the purposes of this subchapter. These regulations may contain such classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for any class of transactions, as in the judgment of the Board are necessary or proper to effectuate the purposes of this subchapter, to prevent circumvention or evasion thereof, or to facilitate compliance therewith.

Pub.L. 90-321, Title I, § 105, May 29, 1968, 82 Stat. 148.

(Sec. 106) 15 U.S.C. 1605 **Determination of finance charge—Definition**

(a) Except as otherwise provided in this section, the amount of the finance charge in connection with any consumer credit transaction shall be determined as the sum of all charges, payable directly or indirectly by the person to whom the credit is extended, and imposed directly or indirectly by the creditor as an incident to the extension of credit, including any of the following types of charges which are applicable:

(1) Interest, time price differential, and any amount payable under a point, discount, or other system of additional charges.

(2) Service or carrying charge.

(3) Loan fee, finder's fee, or similar charge.

(4) Fee for an investigation or credit report.

(5) Premium or other charge for any guarantee or insurance protecting the creditor against the obligor's default or other credit loss.

Life, accident, or health insurance premiums included in finance charge

(b) Charges or premiums for credit life, accident, or health insurance written in connection with any consumer credit transaction shall be included in the finance charge unless

(1) the coverage of the debtor by the insurance is not a factor in the approval by the creditor of the extension of credit, and this fact is clearly disclosed in writing to the person applying for or obtaining the extension of credit; and

(2) in order to obtain the insurance in connection with the extension of credit, the person to whom the credit is extended must give specific affirmative written indication of his desire to do so after written disclosure to him of the cost thereof.

Approved May 29, 1968

Property damage and liability insurance premiums included in finance charge

(c) Charges or premiums for insurance, written in connection with any consumer credit transaction, against loss of or damage to property or against liability arising out of the ownership or use of property, shall be included in the finance charge unless a clear and specific statement in writing is furnished by the creditor to the person to whom the credit is extended, setting forth the cost of the insurance if obtained from or through the creditor, and stating that the person to whom the credit is extended may choose the person through which the insurance is to be obtained.

Items exempted from computation of finance charge in all credit transactions

(d) If any of the following items is itemized and disclosed in accordance with the regulations of the Board in connection with any transaction, then the creditor need not include that item in the computation of the finance charge with respect to that transaction:

(1) Fees and charges prescribed by law which actually are or will be paid to public officials for determining the existence of or for perfecting or releasing or satisfying any security related to the credit transaction.

(2) The premium payable for any insurance in lieu of perfecting any security interest otherwise required by the creditor in connection with the transaction, if the premium does not exceed the fees and charges described in paragraph (1) which would otherwise be payable.

(3) Taxes.

(4) Any other type of charge which is not for credit and the exclusion of which from the finance charge is approved by the Board by regulation.

Items exempted from computation of finance charge in extensions of credit secured by an interest in real property

(e) The following items, when charged in connection with any extension of credit secured by an interest in real property, shall not be included in the computation of the finance charge with respect to that transaction:

(1) Fees or premiums for title examination, title insurance, or similar purposes.

(2) Fees for preparation of a deed, settlement statement, or other documents.

(3) Escrows for future payments of taxes and insurance.

(4) Fees for notarizing deeds and other documents.

(5) Appraisal fees.

(6) Credit reports.

Pub.L. 90-321, Title I, § 106, May 29, 1968, 82 Stat. 148.

(Sec. 107) 15 U.S.C. 1606

Determination of annual percentage rate—Definition

(a) The annual percentage rate applicable to any extension of consumer credit shall be determined, in accordance with the regulations of the Board,

(1) in the case of any extension of credit other than under an open end credit plan, as

(A) that nominal annual percentage rate which will yield a sum equal to the amount of the finance charge when it is applied to the unpaid balances of the amount financed, calculated according to the actuarial method of allocating payments made on a debt between the amount financed and the amount of the finance charge, pursuant to which a payment is applied first to the accumulated finance charge and the balance is applied to the unpaid amount financed; or

(B) the rate determined by any method prescribed by the Board as a method which materially simplifies computation while retaining reasonable accuracy as compared with the rate determined under subparagraph (A).

(2) in the case of any extension of credit under an open end credit plan, as the quotient (expressed as a percentage) of the total finance

Approved May 29, 1968

CONSUMER CREDIT PROTECTION ACT (Continued)

charge for the period to which it relates divided by the amount upon which the finance charge for that period is based, multiplied by the number of such periods in a year.

Computation of rate of finance charges for balances within a specified range

(b) Where a creditor imposes the same finance charge for balances within a specified range, the annual percentage rate shall be computed on the median balance within the range, except that if the Board determines that a rate so computed would not be meaningful, or would be materially misleading, the annual percentage rate shall be computed on such other basis as the Board may by regulation require.

Rounding off of annual percentage rates which are converted from single add-on or other rates

(c) The annual percentage rate may be rounded to the nearest quarter of 1 per centum for credit transactions payable in substantially equal installments when a creditor determines the total finance charge on the basis of a single add-on, discount, periodic, or other rate, and the rate is converted into an annual percentage rate under procedures prescribed by the Board.

Use of rate tables or charts having allowable variance from determined rates

(d) The Board may authorize the use of rate tables or charts which may provide for the disclosure of annual percentage rates which vary from the rate determined in accordance with subsection (a) (1) (A) of this section by not more than such tolerances as the Board may allow. The Board may not allow a tolerance greater than 8 per centum of that rate except to simplify compliance where irregular payments are involved.

Authorization of tolerances in determining annual percentage rates

(e) In the case of creditors determining the annual percentage rate in a manner other than as described in subsection (c) or (d) of this section, the Board may authorize other reasonable tolerances.

Form of expressing percentage rates

(f) Prior to January 1, 1971, any rate required under this subchapter to be disclosed as a percentage rate may, at the option of the creditor, be expressed in the form of the corresponding ratio of dollars per hundred dollars.

Pub.L. 90-321, Title I, § 107, May 29, 1968, 82 Stat. 149.

(Sec. 108) 15 U.S.C. 1607 **Administrative enforcement—Enforcing agencies**

(a) Compliance with the requirements imposed under this subchapter shall be enforced under

(1) section 1818 of Title 12, in the case of

(A) national banks, by the Comptroller of the Currency.

(B) member banks of the Federal Reserve System (other than national banks), by the Board.

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), by the Board of Directors of the Federal Deposit Insurance Corporation.

(2) sections 1426(i), 1437, 1464(d), and 1730 of Title 12, by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), in the case of any institution subject to any of those provisions.

(3) the Federal Credit Union Act, by the Director of the Bureau of Federal Credit Unions with respect to any Federal credit union.

(4) the Acts to regulate commerce, by the Interstate Commerce Commission with respect to any common carrier subject to those Acts.

(5) the Federal Aviation Act of 1958, by the Civil Aeronautics Board with respect to any air carrier or foreign air carrier subject to that Act.

(6) the Packers and Stockyards Act, 1921 (except as provided in section 406 of that Act), by the Secretary of Agriculture with respect to any activities subject to that Act.

Approved May 29, 1968

CONSUMER CREDIT PROTECTION ACT (Continued)

Violations of this chapter deemed violations of pre-existing statutory requirements; additional agency powers

(b) For the purpose of the exercise by any agency referred to in subsection (a) of this section of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this subchapter shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (a) of this section, each of the agencies referred to in that subsection may exercise, for the purpose of enforcing compliance with any requirement imposed under this subchapter, any other authority conferred on it by law.

Federal Trade Commission as overall enforcing agency

(c) Except to the extent that enforcement of the requirements imposed under this subchapter is specifically committed to some other Government agency under subsection (a) of this section, the Federal Trade Commission shall enforce such requirements. For the purpose of the exercise by the Federal Trade Commission of its functions and powers under the Federal Trade Commission Act, a violation of any requirement imposed under this subchapter shall be deemed a violation of a requirement imposed under that Act. All of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission to enforce compliance by any person with the requirements imposed under this subchapter, irrespective of whether that person is engaged in commerce or meets any other jurisdictional tests in the Federal Trade Commission Act.

Rules and regulations

(d) The authority of the Board to issue regulations under this subchapter does not impair the authority of any other agency designated in this section to make rules respecting its own procedures in enforcing compliance with requirements imposed under this subchapter.
Pub.L. 90-321, Title I, § 108, May 29, 1968, 82 Stat. 150.

(Sec. 109) 15 U.S.C. 1608

Views of other agencies

In the exercise of its functions under this subchapter, the Board may obtain upon request the views of any other Federal agency which, in the judgment of the Board, exercises regulatory or supervisory functions with respect to any class of creditors subject to this subchapter.
Pub.L. 90-321, Title I, § 109, May 29, 1968, 82 Stat. 150.

(Sec. 110) 15 U.S.C. 1609

Advisory committee

The Board shall establish an advisory committee to advise and consult with it in the exercise of its functions under this subchapter. In appointing the members of the committee, the Board shall seek to achieve a fair representation of the interests of sellers of merchandise on credit, lenders, and the public. The committee shall meet from time to time at the call of the Board, and members thereof shall be paid transportation expenses and not to exceed \$100 per diem.
Pub.L. 90-321, Title I, § 110, May 29, 1968, 82 Stat. 151.

(Sec. 111) 15 U.S.C. 1610

Effect on other laws—Inconsistent provisions

(a) This subchapter does not annul, alter, or affect, or exempt any creditor from complying with, the laws of any State relating to the disclosure of information in connection with credit transactions, except to the extent that those laws are inconsistent with the provisions of this subchapter or regulations thereunder, and then only to the extent of the inconsistency.

State credit charge statutes

(b) This subchapter does not otherwise annul, alter or affect in any manner the meaning, scope or applicability of the laws of any State, including, but not limited to, laws relating to the types, amounts or rates of charges, or any element or elements of charges, permissible under such

CONSUMER CREDIT PROTECTION ACT (Continued)

laws in connection with the extension or use of credit, nor does this subchapter extend the applicability of those laws to any class of persons or transactions to which they would not otherwise apply.

Disclosure as evidence

(c) In any action or proceeding in any court involving a consumer credit sale, the disclosure of the annual percentage rate as required under this subchapter in connection with that sale may not be received as evidence that the sale was a loan or any type of transaction other than a credit sale.

Contract or other obligations under State or Federal law

(d) Except as specified in sections 1635 and 1640 of this title, this subchapter and the regulations issued thereunder do not affect the validity or enforceability of any contract or obligation under State or Federal law. Pub.L. 90-321, Title I, § 111, May 29, 1968, 82 Stat. 151.

(Sec. 112) 15 U.S.C. 1611 **Criminal liability for willful and knowing violation**

Whoever willfully and knowingly

(1) gives false or inaccurate information or fails to provide information which he is required to disclose under the provisions of this subchapter or any regulation issued thereunder,

(2) uses any chart or table authorized by the Board under section 1606 of this title in such a manner as to consistently understate the annual percentage rate determined under section 1606(a) (1) (A) of this title, or

(3) otherwise fails to comply with any requirement imposed under this subchapter,

shall be fined not more than \$5,000 or imprisoned not more than one year, or both.

Pub.L. 90-321, Title I, § 112, May 29, 1968, 82 Stat. 151.

(Sec. 113) 15 U.S.C. 1612 **Penalties inapplicable to governmental agencies**

No civil or criminal penalty provided under this subchapter for any violation thereof may be imposed upon the United States or any agency thereof, or upon any State or political subdivision thereof, or any agency of any State or political subdivision.

Pub.L. 90-321, Title I, § 113, May 29, 1968, 82 Stat. 151.

(Sec. 114) 15 U.S.C. 1613 **Annual reports to Congress by Board and Attorney General**

Not later than January 3 of each year after 1969, the Board and the Attorney General shall, respectively, make reports to the Congress concerning the administration of their functions under this subchapter, including such recommendations as the Board and the Attorney General, respectively, deem necessary or appropriate. In addition, each report of the Board shall include its assessment of the extent to which compliance with the requirements imposed under this subchapter is being achieved.

Pub.L. 90-321, Title I, § 114, May 29, 1968, 82 Stat. 151.

PART B.—CREDIT TRANSACTIONS

(Sec. 121) 15 U.S.C. 1631 **General requirement of disclosure**

(a) Each creditor shall disclose clearly and conspicuously, in accordance with the regulations of the Board, to each person to whom consumer credit is extended and upon whom a finance charge is or may be imposed, the information required under this part.

(b) If there is more than one obligor, a creditor need not furnish a statement of information required under this part to more than one of them.

Pub.L. 90-321, Title I, § 121, May 29, 1968, 82 Stat. 152.

Approved May 29, 1968

CONSUMER CREDIT PROTECTION ACT (Continued)

(Sec. 122) 15 U.S.C. 1632

Form of disclosure; additional information

(a) Regulations of the Board need not require that disclosures pursuant to this part be made in the order set forth in this part, and may permit the use of terminology different from that employed in this part if it conveys substantially the same meaning.

(b) Any creditor may supply additional information or explanations with any disclosures required under this part.

Pub.L. 90-321, Title I, § 122, May 29, 1968, 82 Stat. 152.

(Sec. 123) 15 U.S.C. 1633

Exemption for State-regulated transactions

The Board shall by regulation exempt from the requirements of this part any class of credit transactions within any State if it determines that under the law of that State that class of transactions is subject to requirements substantially similar to those imposed under this part, and that there is adequate provision for enforcement.

Pub.L. 90-321, Title I, § 123, May 29, 1968, 82 Stat. 152.

(Sec. 124) 15 U.S.C. 1634

Effect of subsequent occurrence

If information disclosed in accordance with this part is subsequently rendered inaccurate as the result of any act, occurrence, or agreement subsequent to the delivery of the required disclosures, the inaccuracy resulting therefrom does not constitute a violation of this part.

Pub.L. 90-321, Title I, § 124, May 29, 1968, 82 Stat. 152.

(Sec. 125) 15 U.S.C. 1635

Right of rescission as to certain transactions—Disclosure of obligor's right to rescind

(a) Except as otherwise provided in this section, in the case of any consumer credit transaction in which a security interest is retained or acquired in any real property which is used or is expected to be used as the residence of the person to whom credit is extended, the obligor shall have the right to rescind the transaction until midnight of the third business day following the consummation of the transaction or the delivery of the disclosures required under this section and all other material disclosures required under this part, whichever is later by notifying the creditor, in accordance with regulations of the Board of his intention to do so. The creditor shall clearly and conspicuously disclose, in accordance with regulations of the Board, to any obligor in a transaction subject to this section the rights of the obligor under this section. The creditor shall also provide, in accordance with regulations of the Board, an adequate opportunity to the obligor to exercise his right to rescind any transaction subject to this section.

Return of money or property following rescission

(b) When an obligor exercises his right to rescind under subsection (a) of this section, he is not liable for any finance or other charge, and any security interest given by the obligor becomes void upon such a rescission. Within ten days after receipt of a notice of rescission, the creditor shall return to the obligor any money or property given as earnest money, downpayment, or otherwise, and shall take any action necessary or appropriate to reflect the termination of any security interest created under the transaction. If the creditor has delivered any property to the obligor, the obligor may retain possession of it. Upon the performance of the creditor's obligations under this section, the obligor shall tender the property to the creditor, except that if return of the property in kind would be impracticable or inequitable, the obligor shall tender its reasonable value. Tender shall be made at the location of the property or at the residence of the obligor, at the option of the obligor. If the creditor does not take possession of the property within ten days after tender by the obligor, ownership of the property vests in the obligor without obligation on his part to pay for it.

Rebuttable presumption of delivery of required disclosures

(c) Notwithstanding any rule of evidence, written acknowledgment of receipt of any disclosures required under this subchapter by a person to

Approved May 29, 1968

whom a statement is required to be given pursuant to this section does no more than create a rebuttable presumption of delivery thereof.

Modification and waiver of rights

(d) The Board may, if it finds that such action is necessary in order to permit homeowners to meet bona fide personal financial emergencies, prescribe regulations authorizing the modification or waiver of any rights created under this section to the extent and under the circumstances set forth in those regulations.

Exemption for first liens against dwellings to finance acquisition

(e) This section does not apply to the creation or retention of a first lien against a dwelling to finance the acquisition of that dwelling. Pub.L. 90-321, Title I, § 125, May 29, 1968, 82 Stat. 152.

(Sec. 126) 15 U.S.C. 1636 **Periodic statements; contents**

If a creditor transmits periodic statements in connection with any extension of consumer credit other than under an open end consumer credit plan, then each of those statements shall set forth each of the following items:

- (1) The annual percentage rate of the total finance charge.
- (2) The date by which, or the period (if any) within which, payment must be made in order to avoid additional finance charges or other charges.
- (3) Such of the items set forth in section 1637(b) of this title as the Board may by regulation require as appropriate to the terms and conditions under which the extension of credit in question is made. Pub.L. 90-321, Title I, § 126, May 29, 1968, 82 Stat. 153.

(Sec. 127) 15 U.S.C. 1637 **Open end consumer credit plans—Required disclosures by creditor**

(a) Before opening any account under an open end consumer credit plan, the creditor shall disclose to the person to whom credit is to be extended each of the following items, to the extent applicable:

- (1) The conditions under which a finance charge may be imposed, including the time period, if any, within which any credit extended may be repaid without incurring a finance charge.
- (2) The method of determining the balance upon which a finance charge will be imposed.
- (3) The method of determining the amount of the finance charge, including any minimum or fixed amount imposed as a finance charge.
- (4) Where one or more periodic rates may be used to compute the finance charge, each such rate, the range of balances to which it is applicable, and the corresponding nominal annual percentage rate determined by multiplying the periodic rate by the number of periods in a year.

(5) If the creditor so elects,

(A) the average effective annual percentage rate of return received from accounts under the plan for a representative period of time; or

(B) whenever circumstances are such that the computation of a rate under subparagraph (A) would not be feasible or practical, or would be misleading or meaningless, a projected rate of return to be received from accounts under the plan.

The Board shall prescribe regulations, consistent with commonly accepted standards for accounting or statistical procedures, to carry out the purposes of this paragraph.

(6) The conditions under which any other charges may be imposed, and the method by which they will be determined.

(7) The conditions under which the creditor may retain or acquire any security interest in any property to secure the payment of any credit extended under the plan, and a description of the interest or interests which may be so retained or acquired.

CONSUMER CREDIT PROTECTION ACT (Continued)

Statement required with each billing cycle

(b) The creditor of any account under an open end consumer credit plan shall transmit to the obligor, for each billing cycle at the end of which there is an outstanding balance in that account or with respect to which a finance charge is imposed, a statement setting forth each of the following items to the extent applicable:

(1) The outstanding balance in the account at the beginning of the statement period.

(2) The amount and date of each extension of credit during the period, and, if a purchase was involved, a brief identification (unless previously furnished) of the goods or services purchased.

(3) The total amount credited to the account during the period.

(4) The amount of any finance charge added to the account during the period, itemized to show the amounts, if any, due to the application of percentage rates and the amount, if any, imposed as a minimum or fixed charge.

(5) Where one or more periodic rates may be used to compute the finance charge, each such rate, the range of balances to which it is applicable, and, unless the annual percentage rate (determined under section 1606(a) (2) of this title) is required to be disclosed pursuant to paragraph (6), the corresponding nominal annual percentage rate determined by multiplying the periodic rate by the number of periods in a year.

(6) Where the total finance charge exceeds 50 cents for a monthly or longer billing cycle, or the pro rata part of 50 cents for a billing cycle shorter than monthly, the total finance charge expressed as an annual percentage rate (determined under section 1606(a) (2) of this title), except that if the finance charge is the sum of two or more products of a rate times a portion of the balance, the creditor may, in lieu of disclosing a single rate for the total charge, disclose each such rate expressed as an annual percentage rate, and the part of the balance to which it is applicable.

(7) At the election of the creditor, the average effective annual percentage rate of return (or the projected rate) under the plan as prescribed in subsection (a) (5) of this section.

(8) The balance on which the finance charge was computed and a statement of how the balance was determined. If the balance is determined without first deducting all credits during the period, that fact and the amount of such payments shall also be disclosed.

(9) The outstanding balance in the account at the end of the period.

(10) The date by which, or the period (if any) within which, payment must be made to avoid additional finance charges.

Retroactive effect

(c) In the case of any open end consumer credit plan in existence on July 1, 1969, the items described in subsection (a) of this section, to the extent applicable, shall be disclosed in a notice mailed or delivered to the obligor not later than thirty days after that date.

Pub.L. 90-321, Title I, § 127, May 29, 1968, 82 Stat. 153.

(Sec. 128) 15 U.S.C. 1638

Sales not under open end credit plans—Required disclosures by creditor

(a) In connection with each consumer credit sale not under an open end credit plan, the creditor shall disclose each of the following items which is applicable:

(1) The cash price of the property or service purchased.

(2) The sum of any amounts credited as downpayment (including any trade-in).

(3) The difference between the amount referred to in paragraph (1) and the amount referred to in paragraph (2).

(4) All other charges, individually itemized, which are included in the amount of the credit extended but which are not part of the finance charge.

(5) The total amount to be financed (the sum of the amount described in paragraph (3) plus the amount described in paragraph (4)).

Approved May 29, 1968

CONSUMER CREDIT PROTECTION ACT (Continued)

(6) Except in the case of a sale of a dwelling, the amount of the finance charge, which may in whole or in part be designated as a time-price differential or any similar term to the extent applicable.

(7) The finance charge expressed as an annual percentage rate except in the case of a finance charge.

(A) which does not exceed \$5 and is applicable to an amount financed not exceeding \$75, or

(B) which does not exceed \$7.50 and is applicable to an amount financed exceeding \$75.

A creditor may not divide a consumer credit sale into two or more sales to avoid the disclosure of an annual percentage rate pursuant to this paragraph.

(8) The number, amount, and due dates or periods of payments scheduled to repay, the indebtedness.

(9) The default, delinquency, or similar charges payable in the event of late payments.

(10) A description of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, and a clear identification of the property to which the security interest relates.

Form and timing of disclosure

(b) Except as otherwise provided in this part, the disclosures required under subsection (a) of this section shall be made before the credit is extended, and may be made by disclosing the information in the contract or other evidence of indebtedness to be signed by the purchaser.

Timing of disclosure on mailed or telephoned orders

(c) If a creditor receives a purchase order by mail or telephone without personal solicitation, and the cash price and the deferred payment price and the terms of financing, including the annual percentage rate, are set forth in the creditor's catalog or other printed material distributed to the public, then the disclosures required under subsection (a) of this section may be made at any time not later than the date the first payment is due.

Timing of disclosure in cases of an addition of a deferred payment price to an existing outstanding balance

(d) If a consumer credit sale is one of a series of consumer credit sales transactions made pursuant to an agreement providing for the addition of the deferred payment price of that sale to an existing outstanding balance, and the person to whom the credit is extended has approved in writing both the annual percentage rate or rates and the method of computing the finance charge or charges, and the creditor retains no security interest in any property as to which he has received payments aggregating the amount of the sales price including any finance charges attributable thereto, then the disclosure required under subsection (a) of this section for the particular sale may be made at any time not later than the date the first payment for that sale is due. For the purposes of this subsection, in the case of items purchased on different dates, the first purchased shall be deemed first paid for, and in the case of items purchased on the same date, the lowest priced shall be deemed first paid for.

Pub.L. 90-321, Title I, § 128, May 29, 1968, 82 Stat. 155.

(Sec. 129) 15 U.S.C. 1639 **Consumer loans not under open end credit plans—Required disclosures by creditor**

(a) Any creditor making a consumer loan or otherwise extending consumer credit in a transaction which is neither a consumer credit sale nor under an open end consumer credit plan shall disclose each of the following items, to the extent applicable:

(1) The amount of credit of which the obligor will have the actual use, or which is or will be paid to him or for his account or to another person on his behalf.

(2) All charges, individually itemized, which are included in the amount of credit extended but which are not part of the finance charge.

Approved May 29, 1968

CONSUMER CREDIT PROTECTION ACT (Continued)

(3) The total amount to be financed (the sum of the amounts referred to in paragraph (1) plus the amounts referred to in paragraph (2)).

(4) Except in the case of a loan secured by a first lien on a dwelling and made to finance the purchase of that dwelling, the amount of the finance charge.

(5) The finance charge expressed as an annual percentage rate except in the case of a finance charge

(A) which does not exceed \$5 and is applicable to an extension of consumer credit not exceeding \$75, or

(B) which does not exceed \$7.50 and is applicable to an extension of consumer credit exceeding \$75.

A creditor may not divide an extension of credit into two or more transactions to avoid the disclosure of an annual percentage rate pursuant to this paragraph.

(6) The number, amount, and the due dates or periods of payments scheduled to repay the indebtedness.

(7) The default, delinquency, or similar charges payable in the event of late payments.

(8) A description of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, and a clear identification of the property to which the security interest relates.

Form and timing of disclosure

(b) Except as otherwise provided in this part, the disclosures required by subsection (a) of this section shall be made before the credit is extended, and may be made by disclosing the information in the note or other evidence of indebtedness to be signed by the obligor.

Timing of disclosure on mailed or telephoned requests for an extension of credit

(c) If a creditor receives a request for an extension of credit by mail or telephone without personal solicitation and the terms of financing, including the annual percentage rate for representative amounts of credit, are set forth in the creditor's printed material distributed to the public, or in the contract of loan or other printed material delivered to the obligor, then the disclosures required under subsection (a) of this section may be made at any time not later than the date the first payment is due.

Pub.L. 90-321, Title I, § 129, May 29, 1968, 82 Stat. 156.

(Sec. 130) 15 U.S.C. 1640 **Civil Liability—Failure to disclose**

(a) Except as otherwise provided in this section, any creditor who fails in connection with any consumer credit transaction to disclose to any person any information required under this part to be disclosed to that person is liable to that person in an amount equal to the sum of

(1) twice the amount of the finance charge in connection with the transaction, except that the liability under this paragraph shall not be less than \$100 nor greater than \$1,000; and

(2) in the case of any successful action to enforce the foregoing liability, the costs of the action together with a reasonable attorney's fee as determined by the court.

Correction of error within fifteen days

(b) A creditor has no liability under this section if within fifteen days after discovering an error, and prior to the institution of an action under this section or the receipt of written notice of the error, the creditor notifies the person concerned of the error and makes whatever adjustments in the appropriate account are necessary to insure that the person will not be required to pay a finance charge in excess of the amount or percentage rate actually disclosed.

Unintentional violations; bona fide errors

(c) A creditor may not be held liable in any action brought under this section for a violation of this part if the creditor shows by a

Approved May 29, 1968

preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid any such error.

Liability of subsequent assignees of original creditor

(d) Any action which may be brought under this section against the original creditor in any credit transaction involving a security interest in real property may be maintained against any subsequent assignee of the original creditor where the assignee, its subsidiaries, or affiliates were in a continuing business relationship with the original creditor either at the time the credit was extended or at the time of the assignment, unless the assignment was involuntary, or the assignee shows by a preponderance of evidence that it did not have reasonable grounds to believe that the original creditor was engaged in violations of this part, and that it maintained procedures reasonably adapted to apprise it of the existence of any such violations.

Jurisdiction of courts

(e) Any action under this section may be brought in any United States district court, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.
Pub.L. 90-321, Title I, § 130, May 29, 1968, 82 Stat. 157.

(Sec. 131) 15 U.S.C. 1641 Written acknowledgment as proof of receipt

Except as provided in section 1635(c) of this title and except in the case of actions brought under section 1640(d) of this title, in any action or proceeding by or against any subsequent assignee of the original creditor without knowledge to the contrary by the assignee when he acquires the obligation, written acknowledgment of receipt by a person to whom a statement is required to be given pursuant to this subchapter shall be conclusive proof of the delivery thereof and, unless the violation is apparent on the face of the statement, of compliance with this part. This section does not affect the rights of the obligor in any action against the original creditor.

Pub.L. 90-321, Title I, § 131, May 29, 1968, 82 Stat. 157.

LAWS PERTAINING TO LITIGATION

28 U.S.C. 2410

Actions affecting property on which United States has lien

(a) Under the conditions prescribed in this section and section 1444 of this title for the protection of the United States, the United States may be named a party in any civil action or suit in any district court, or in any State court having jurisdiction of the subject matter—

- (1) to quiet title to,
- (2) to foreclose a mortgage or other lien upon,
- (3) to partition,
- (4) to condemn, or

(5) of interpleader or in the nature of interpleader with respect to, real or personal property on which the United States has or claims a mortgage or other lien.

(b) The complaint or pleading shall set forth with particularity the nature of the interest or lien of the United States. In actions or suits involving liens arising under the internal revenue laws, the complaint or pleading shall include the name and address of the taxpayer whose liability created the lien and, if a notice of the tax lien was filed, the identity of the internal revenue office which filed the notice, and the date and place such notice of lien was filed. In actions in the State courts service upon the United States shall be made by serving the process of the court with a copy of the complaint upon the United States attorney for the district in which the action is brought or upon an assistant United States attorney or clerical employee designated by the United States attorney in writing filed with the clerk of the court in which the action is brought and by sending copies of the process and complaint, by registered mail, or by certified mail, to the Attorney General of the United States at Washington, District of Columbia. In such actions the United States may appear and answer, plead or demur within sixty days after such service or such further time as the court may allow.

(c) A judgment or decree in such action or suit shall have the same effect respecting the discharge of the property from the mortgage or other lien held by the United States as may be provided with respect to such matters by the local law of the place where the court is situated. However, an action to foreclose a mortgage or other lien, naming the United States as a party under this section, must seek judicial sale. A sale to satisfy a lien inferior to one of the United States shall be made subject to and without disturbing the lien of the United States, unless the United States consents that the property may be sold free of its lien and the proceeds divided as the parties may be entitled. Where a sale of real estate is made to satisfy a lien prior to that of the United States, the United States shall have one year from the date of sale within which to redeem, except that with respect to a lien arising under the internal revenue laws the period shall be 120 days or the period allowable for redemption under State law, whichever is longer, and in any case in which, under the provisions of section 505 of the Housing Act of 1950, as amended (12 U.S.C. 1701k), and subsection (d) of section 1820 of title 38 of the United States Code, the right to redeem does not arise, there shall be no right of redemption. In any case where the debt owing the United States is due, the United States may ask, by way of affirmative relief, for the foreclosure of its own lien and where property is sold to satisfy a first lien held by the United States, the United States may bid at the sale such sum, not exceeding the amount of its claim with expenses of sale, as may be directed by the head (or his delegate) of the department or agency of the United States which has charge of the administration of the laws in respect to which the claim of the United States arises.

(d) In any case in which the United States redeems real property under this section or section 7425 of the Internal Revenue Code of 1954, the amount to be paid for such property shall be the sum of—

- (1) the actual amount paid by the purchaser at such sale (which, in the case of a purchaser who is the holder of the lien being foreclosed, shall include the amount of the obligation secured by such lien to the extent satisfied by reason of such sale),

LAWS PERTAINING TO LITIGATION (Continued).

(2) interest on the amount paid (as determined under paragraph (1)) at 6 percent per annum from the date of such sale, and

(3) the amount (if any) equal to the excess of (A) the expenses necessarily incurred in connection with such property, over (B) the income from such property plus (to the extent such property is used by the purchaser) a reasonable rental value of such property."

(e) Whenever any person has a lien upon any real or personal property, duly recorded in the jurisdiction in which the property is located, and a junior lien, other than a tax lien, in favor of the United States attaches to such property, such person may make a written request to the officer charged with the administration of the laws in respect of which the lien of the United States arises, to have the same extinguished. If after appropriate investigation, it appears to such officer that the proceeds from the sale of the property would be insufficient to wholly or partly satisfy the lien of the United States, or that the claim of the United States has been satisfied or by lapse of time or otherwise has become unenforceable, such officer shall so report to the Comptroller General who may issue a certificate releasing the property from such lien.

As amended Nov. 2, 1966, Pub.L. 89-719, Title II, § 201, 80 Stat. 1147.

28 U.S.C. 2412

Costs

Except as otherwise specifically provided by statute, a judgment for costs, as enumerated in section 1920 of this title but not including the fees and expenses of attorneys may be awarded to the prevailing party in any civil action brought by or against the United States or any agency or official of the United States acting in his official capacity, in any court having jurisdiction of such action. A judgment for costs when taxed against the Government shall, in an amount established by statute or court rule or order, be limited to reimbursing in whole or in part the prevailing party for the costs incurred by him in the litigation. Payment of a judgment for costs shall be as provided in section 2414 and section 2517 of this title for the payment of judgments against the United States. As amended July 18, 1966, Pub.L. 89-507, § 1, 80 Stat. 308.

28 U.S.C. 2415

Time for commencing actions brought by the United States

(a) Subject to the provisions of section 2416 of this title, and except as otherwise provided by Congress, every action for money damages brought by the United States or an officer or agency thereof which is founded upon any contract express or implied in law or fact, shall be barred unless the complaint is filed within six years after the right of action accrues or within one year after final decisions have been rendered in applicable administrative proceedings required by contract or by law, whichever is later: *Provided*, That in the event of later partial payment or written acknowledgment of debt, the right of action shall be deemed to accrue again at the time of each such payment or acknowledgment.

(b) Subject to the provisions of section 2416 of this title, and except as otherwise provided by Congress, every action for money damages brought by the United States or an officer or agency thereof which is founded upon a tort shall be barred unless the complaint is filed within three years after the right of action first accrues: *Provided*, That an action to recover damages resulting from a trespass on lands of the United States, including trust or restricted Indian lands; an action to recover damages resulting from fire to such lands; an action to recover for diversion of money paid under a grant program; and an action for conversion of property of the United States may be brought within six years after the right of action accrues.

(c) Nothing herein shall be deemed to limit the time for bringing an action to establish the title to, or right of possession of, real or personal property.

(d) Subject to the provisions of section 2416 of this title and except as otherwise provided by Congress, every action for the recovery of money erroneously paid to or on behalf of any civilian employee of any agency of the United States or to or on behalf of any member or dependent of any

LAWS PERTAINING TO LITIGATION (Continued)

member of the uniformed services of the United States, incident to the employment or services of such employee or member, shall be barred unless the complaint is filed within six years after the right of action accrues: *Provided*, That in the event of later partial payment or written acknowledgment of debt, the right of action shall be deemed to accrue again at the time of each such payment or acknowledgment.

(e) In the event that any action to which this section applies is timely brought and is thereafter dismissed without prejudice, the action may be recommenced within one year after such dismissal, regardless of whether the action would otherwise then be barred by this section. In any action so recommenced the defendant shall not be barred from interposing any claim which would not have been barred in the original action.

(f) The provisions of this section shall not prevent the assertion, in an action against the United States or an officer or agency thereof, of any claim of the United States or an officer or agency thereof against an opposing party, a co-party, or a third party that arises out of the transaction or occurrence that is the subject matter of the opposing party's claim. A claim of the United States or an officer or agency thereof that does not arise out of the transaction or occurrence that is the subject matter of the opposing party's claim may, if time-barred, be asserted only by way of offset and may be allowed in an amount not to exceed the amount of the opposing party's recovery.

(g) Any right of action subject to the provisions of this section which accrued prior to the date of enactment of this Act shall, for purposes of this section, be deemed to have accrued on the date of enactment of this Act.

(h) Nothing in this Act shall apply to actions brought under the Internal Revenue Code or incidental to the collection of taxes imposed by the United States. Added Pub.L. 89-505, § 1, July 18, 1966, 80 Stat. 304.

28 U.S.C. 2416

Time for commencing actions brought by the United States—

Exclusions

For the purpose of computing the limitations periods established in section 2415, there shall be excluded all periods during which—

(a) the defendant or the res is outside the United States, its territories and possessions, the District of Columbia, or the Commonwealth of Puerto Rico; or

(b) the defendant is exempt from legal process because of infancy, mental incompetence, diplomatic immunity, or for any other reason; or

(c) facts material to the right of action are not known and reasonably could not be known by an official of the United States charged with the responsibility to act in the circumstances; or

(d) the United States is in a state of war declared pursuant to article I, section 8, of the Constitution of the United States.

Added Pub.L. 89-505, § 1, July 18, 1966, 80 Stat. 305.

FEDERAL CLAIMS COLLECTION ACT OF 1966

PUBLIC LAW 89-508

To avoid unnecessary litigation by providing for the collection of claims of the United States, and for other purposes.

Sec. 1 This Act may be cited as the "Federal Claims Collection Act of 1966".

(Sec. 2) 31 U.S.C. 951 **Definitions**

In this chapter—

(a) "agency" means any department, office, commission, board, service, Government corporation, instrumentality, or other establishment or body in either the executive or legislative branch of the Federal Government;

(b) "head of an agency" includes, where applicable, commission, board, or other group of individuals having the decision-making responsibility for the agency.

Pub.L. 89-508, § 2, July 19, 1966, 80 Stat. 308.

(Sec. 3) 31 U.S.C. 952 **Collection and compromise—Agency collection; rules and regulations**

(a) The head of an agency or his designee, pursuant to regulations prescribed by him and in conformity with such standards as may be promulgated jointly by the Attorney General and the Comptroller General, shall attempt collection of all claims of the United States for money or property arising out of the activities of, or referred to, his agency.

Compromise of claims; termination of collection action; rules and regulations; \$20,000 limitation

(b) With respect to such claims of the United States that have not been referred to another agency, including the General Accounting Office, for further collection action and that do not exceed \$20,000, exclusive of interest, the head of an agency or his designee, pursuant to regulations prescribed by him and in conformity with such standards as may be promulgated jointly by the Attorney General and the Comptroller General, may (1) compromise any such claim, or (2) cause collection action on any such claim to be terminated or suspended where it appears that no person liable on the claim has the present or prospective financial ability to pay any significant sum thereon or that the cost of collecting the claim is likely to exceed the amount of recovery. The Comptroller General or his designee shall have the foregoing authority with respect to claims referred to the General Accounting Office by another agency for further collection action. The head of an agency or his designee shall not exercise the foregoing authority with respect to a claim as to which there is an indication of fraud, the presentation of a false claim, or misrepresentation on the part of the debtor or any other party having an interest in the claim, or a claim based in whole or in part on conduct in violation of the antitrust laws; nor shall the head of an agency, other than the Comptroller General of the United States, have authority to compromise a claim that arises from an exception made by the General Accounting Office in the account of an accountable officer.

Conclusiveness, effect of compromise; fraud, misrepresentation, false claims, mutual mistake of fact

(c) A compromise effected pursuant to authority conferred by subsection (b) of this section shall be final and conclusive on the debtor and on

Approved July 19, 1966

FEDERAL CLAIMS COLLECTION ACT OF 1966 (Continued)

all officials, agencies, and courts of the United States, except if procured by fraud, misrepresentation, the presentation of a false claim, or mutual mistake of fact. No accountable officer shall be liable for any amount paid or for the value of property lost, damaged, or destroyed, where the recovery of such amount or value may not be had because of a compromise with a person primarily responsible under subsection (b). Pub.L. 89-508, § 3, July 19, 1966, 80 Stat. 309.

(Sec. 4) 31 U.S.C. 953

Existing agency authority to litigate, settle, compromise, or close claims

Nothing in this chapter shall increase or diminish the existing authority of the head of an agency to litigate claims, or diminish his existing authority to settle, compromise, or close claims. Pub.L. 89-508, § 4, July 19, 1966, 80 Stat. 309.

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

PUBLIC LAW 88-352

SUBCHAPTER V.—FEDERALLY ASSISTED PROGRAMS

Sec. 601) 42 U.S.C. 2000d

Prohibition against exclusion from participation in, denial of benefits of, and discrimination under Federally assisted programs on ground of race, color, or national origin

No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Pub.L. 88-352, Title VI, § 601, July 2, 1964, 78 Stat. 252.

(Sec. 602) 42 U.S.C. 2000d-1

Federal authority and financial assistance to programs or activities by way of grant, loan, or contract other than contract of insurance or guaranty; rules and regulations; approval by President; compliance with requirements; reports to Congressional committees; effective date of administrative action

Each Federal department and agency which is empowered to extend Federal financial assistance to any program or activity, by way of grant, loan, or contract other than a contract of insurance or guaranty, is authorized and directed to effectuate the provisions of section 2000d of this title with respect to such program or activity by issuing rules, regulations, or orders of general applicability which shall be consistent with achievement of the objectives of the statute authorizing the financial assistance in connection with which the action is taken. No such rule, regulation, or order shall become effective unless and until approved by the President. Compliance with any requirement adopted pursuant to this section may be effected (1) by the termination of or refusal to grant or to continue assistance under such program or activity to any recipient as to whom there has been an express finding on the record, after opportunity for hearing, of a failure to comply with such requirement, but such termination or refusal shall be limited to the particular political entity, or part thereof, or other recipient as to whom such a finding has been made and, shall be limited in its effect to the particular program, or part thereof, in which such noncompliance has been so found, or (2) by any other means authorized by law: *Provided, however,* That no such action shall be taken until the department or agency concerned has advised the appropriate person or persons of the failure to comply with the requirement and has determined that compliance cannot be secured

Approved July 2, 1964

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 (Continued)

by voluntary means. In the case of any action terminating, or refusing to grant or continue, assistance because of failure to comply with a requirement imposed pursuant to this section, the head of the Federal department or agency shall file with the committees of the House and Senate having legislative jurisdiction over the program or activity involved a full written report of the circumstances and the grounds for such action. No such action shall become effective until thirty days have elapsed after the filing of such report. Pub.L. 88-352, Title VI, § 602, July 2, 1964, 78 Stat. 252.

(Sec. 603) 42 U.S.C. 2000d-2 **Judicial review; Administrative Procedure Act**

Any department or agency action taken pursuant to section 2000d-1 of this title shall be subject to such judicial review as may otherwise be provided by law for similar action taken by such department or agency on other grounds. In the case of action, not otherwise subject to judicial review, terminating or refusing to grant or to continue financial assistance upon a finding of failure to comply with any requirement imposed pursuant to section 2000d-1 of this title, any person aggrieved (including any State or political subdivision thereof and any agency of either) may obtain judicial review of such action in accordance with section 1009 of Title 5, and such action shall not be deemed committed to unreviewable agency discretion within the meaning of that section. Pub.L. 88-352, Title VI, § 603, July 2, 1964, 78 Stat. 253.

(Sec. 604) 42 U.S.C. 2000d-3 **Construction of provisions not to authorize administrative action with respect to employment practices except where primary objective of Federal financial assistance is to provide employment**

Nothing contained in this subchapter shall be construed to authorize action under this subchapter by any department or agency with respect to any employment practice of any employer, employment agency, or labor organization except where a primary objective of the Federal financial assistance is to provide employment. Pub.L. 88-352, Title VI, § 604, July 2, 1964, 78 Stat. 253.

(Sec. 605) 42 U.S.C. 2000d-4 **Federal authority and financial assistance to programs or activities by way of contract of insurance or guaranty**

Nothing in this subchapter shall add to or detract from any existing authority with respect to any program or activity under which Federal financial assistance is extended by way of a contract of insurance or guaranty. Pub.L. 88-352, Title VI, § 605, July 2, 1964, 78 Stat. 253.

Approved July 2, 1964

TITLES VIII AND IX OF PUBLIC LAW 90-284

An Act To Prescribe Penalties For Certain Acts Of
Violence And Intimidation, And For Other Purposes

TITLE VIII

SUBCHAPTER I.—GENERALLY

(Sec. 801) 42 U.S.C. 3601 Declaration of policy

It is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States.

Pub.L. 90-284, Title VIII, § 801, Apr. 11, 1968, 82 Stat. 81.

(Sec. 802) 42 U.S.C. 3602 Definitions

As used in this subchapter—

(a) "Secretary" means the Secretary of Housing and Urban Development.

(b) "Dwelling" means any building, structure, or portion thereof which is occupied as, or designed or intended for occupancy as, a residence by one or more families, and any vacant land which is offered for sale or lease for the construction or location thereon of any such building, structure, or portion thereof.

(c) "Family" includes a single individual.

(d) "Person" includes one or more individuals, corporations, partnerships, associations, labor organizations, legal representatives, mutual companies, joint-stock companies, trusts, unincorporated organizations, trustees, trustees in bankruptcy, receivers, and fiduciaries.

(e) "To rent" includes to lease, to sublease, to let and otherwise to grant for a consideration the right to occupy premises not owned by the occupant.

(f) "Discriminatory housing practice" means an act that is unlawful under section 3604, 3605, or 3606 of this title.

(g) "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or any of the territories and possessions of the United States.

Pub.L. 90-284, Title VIII, § 802, Apr. 11, 1968, 82 Stat. 81.

(Sec. 803) 42 U.S.C. 3603 Effective dates of certain prohibitions—Application to certain described dwellings

(a) Subject to the provisions of subsection (b) of this section and section 3607 of this title, the prohibitions against discrimination in the sale or rental of housing set forth in section 3604 of this title shall apply:

(1) Upon enactment of this subchapter, to—

(A) dwellings owned or operated by the Federal Government;

(B) dwellings provided in whole or in part with the aid of loans, advances, grants, or contributions made by the Federal Government, under agreements entered into after November 20, 1962, unless payment due thereon has been made in full prior to April 11, 1968;

(C) dwellings provided in whole or in part by loans insured, guaranteed, or otherwise secured by the credit of the Federal Government, under agreements entered into after November 20, 1962, unless payment thereon has been made in full prior to the date of enactment of this title: *Provided*, That nothing contained in subparagraphs (B) and (C) of this subsection shall be applicable to dwellings solely by virtue of the fact that they are subject to mortgages held by an FDIC or FSLIC institution; and

Approved April 11, 1968

TITLES VIII AND IX OF PUBLIC LAW 90-284 (Continued)

(D) dwellings provided by the development or the redevelopment of real property purchased, rented, or otherwise obtained from a State or local public agency receiving Federal financial assistance for slum clearance or urban renewal with respect to such real property under loan or grant contracts entered into after November 20, 1962.

(2) After December 31, 1968, to all dwellings covered by paragraph (1) and to all other dwellings except as exempted by subsection (b) of this section.

Exemptions

(b) Nothing in section 3604 of this title (other than subsection (c)) shall apply to—

(1) any single-family house sold or rented by an owner: *Provided*, That such private individual owner does not own more than three such single-family houses at any one time: *Provided further*, That in the case of the sale of any such single-family house by a private individual owner not residing in such house at the time of such sale or who was not the most recent resident of such house prior to such sale, the exemption granted by this subsection shall apply only with respect to one such sale within any twenty-four month period: *Provided further*, That such bona fide private individual owner does not own any interest in, nor is there owned or reserved on his behalf, under any express or voluntary agreement, title to or any right to all or a portion of the proceeds from the sale or rental of, more than three such single-family houses at any one time: *Provided further*, That after December 31, 1969, the sale or rental of any such single-family house shall be excepted from the application of this subchapter only if such house is sold or rented (A) without the use in any manner of the sales or rental facilities or the sales or rental services of any real estate broker, agent, or salesman, or of such facilities or services of any person in the business of selling or renting dwellings, or of any employee or agent of any such broker, agent, salesman, or person and (B) without the publication, posting or mailing, after notice, of any advertisement or written notice in violation of section 3604(c) of this title; but nothing in this proviso shall prohibit the use of attorneys, escrow agents, abstractors, title companies, and other such professional assistance as necessary to perfect or transfer the title, or

(2) rooms or units in dwellings containing living quarters occupied or intended to be occupied by no more than four families living independently of each other, if the owner actually maintains and occupies one of such living quarters as his residence.

Same: business of selling or renting dwellings defined

(c) For the purposes of subsection (b) of this section, a person shall be deemed to be in the business of selling or renting dwellings if—

(1) he has, within the preceding twelve months, participated as principal in three or more transactions involving the sale or rental of any dwelling or any interest therein, or

(2) he has, within the preceding twelve months, participated as agent, other than in the sale of his own personal residence in providing sales or rental facilities or sales or rental services in two or more transactions involving the sale or rental of any dwelling or any interest therein, or

(3) he is the owner of any dwelling designed or intended for occupancy by, or occupied by, five or more families.

Pub.L. 90-284, Title VIII, § 803, Apr. 11, 1968, 82 Stat. 82.

TITLES VIII AND IX OF PUBLIC LAW 90-284 (Continued)

(Sec. 804) 42 U.S.C. 3604 Discrimination in the sale or rental of housing

As made applicable by section 3603 of this title and except as exempted by sections 3603(b) and 3607 of this title, it shall be unlawful—

(a) To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, or national origin.

(b) To discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, religion, or national origin.

(c) To make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination based on race, color, religion, or national origin, or an intention to make any such preference, limitation, or discrimination.

(d) To represent to any person because of race, color, religion, or national origin that any dwelling is not available for inspection, sale, or rental when such dwelling is in fact so available.

(e) For profit, to induce or attempt to induce any person to sell or rent any dwelling by representations regarding the entry or prospective entry into the neighborhood of a person or persons of a particular race, color, religion, or national origin.

Pub.L. 90-284, Title VIII, § 804, Apr. 11, 1968, 82 Stat. 83.

(Sec. 805) 42 U.S.C. 3605 Discrimination in the financing of housing

After December 31, 1968, it shall be unlawful for any bank, building and loan association, insurance company or other corporation, association, firm or enterprise whose business consists in whole or in part in the making of commercial real estate loans, to deny a loan or other financial assistance to a person applying therefor for the purpose of purchasing, constructing, improving, repairing, or maintaining a dwelling, or to discriminate against him in the fixing of the amount, interest rate, duration, or other terms or conditions of such loan or other financial assistance, because of the race, color, religion, or national origin of such person or of any person associated with him in connection with such loan or other financial assistance or the purposes of such loan or other financial assistance, or of the present or prospective owners, lessees, tenants, or occupants of the dwelling or dwellings in relation to which such loan or other financial assistance is to be made or given: *Provided*, That nothing contained in this section shall impair the scope or effectiveness of the exception contained in section 3603(b) of this title.

Pub.L. 90-284, Title VIII, § 805, Apr. 11, 1968, 82 Stat. 83.

(Sec. 806) 42 U.S.C. 3606 Discrimination in the provision of brokerage services

After December 31, 1968, it shall be unlawful to deny any person access to or membership or participation in any multiple-listing service, real estate brokers' organization or other service, organization, or facility relating to the business of selling or renting dwellings, or to discriminate against him in the terms or conditions of such access, membership, or participation, on account of race, color, religion, or national origin.

Pub.L. 90-284, Title VIII, § 806, Apr. 11, 1968, 82 Stat. 84.

TITLES VIII AND IX OF PUBLIC LAW 90-284 (Continued)

(Sec. 807) 42 U.S.C. 3607 Religious organization or private club exemption

Nothing in this subchapter shall prohibit a religious organization, association, or society, or any nonprofit institution or organization operated, supervised or controlled by or in conjunction with a religious organization, association, or society, from limiting the sale, rental or occupancy of dwellings which it owns or operates for other than a commercial purpose to persons of the same religion, or from giving preference to such persons, unless membership in such religion is restricted on account of race, color, or national origin. Nor shall anything in this subchapter prohibit a private club not in fact open to the public, which as an incident to its primary purpose or purposes provides lodgings which it owns or operates for other than a commercial purpose, from limiting the rental or occupancy of such lodgings to its members or from giving preference to its members.

Pub.L. 90-284, Title VIII, § 807, Apr. 11, 1968, 82 Stat. 84.

(Sec. 808) 42 U.S.C. 3608 Administration—Authority and responsibility

(a) The authority and responsibility for administering this Act shall be in the Secretary of Housing and Urban Development.

**Delegation of authority; appointment of hearing examiners;
location of conciliation meetings; administrative review**

(b) The Secretary may delegate any of his functions, duties, and powers to employees of the Department of Housing and Urban Development or to boards of such employees, including functions, duties, and powers with respect to investigating, conciliating, hearing, determining, ordering, certifying, reporting, or otherwise acting as to any work, business, or matter under this subchapter. The persons to whom such delegations are made with respect to hearing functions, duties, and powers shall be appointed and shall serve in the Department of Housing and Urban Development in compliance with sections 3105, 3344, 5362, and 7521 of Title 5. Insofar as possible, conciliation meetings shall be held in the cities or other localities where the discriminatory housing practices allegedly occurred. The Secretary shall by rule prescribe such rights of appeal from the decisions of his hearing examiners to other hearing examiners or to other officers in the Department, to boards of officers or to himself, as shall be appropriate and in accordance with law.

Cooperation of Secretary and executive departments and agencies in administration of housing and urban development programs and activities to further fair housing purposes

(c) All executive departments and agencies shall administer their programs and activities relating to housing and urban development in a manner affirmatively to further the purposes of this subchapter and shall cooperate with the Secretary to further such purposes.

Functions of Secretary

(d) The Secretary of Housing and Urban Development shall—

(1) make studies with respect to the nature and extent of discriminatory housing practices in representative communities, urban, suburban, and rural, throughout the United States;

(2) publish and disseminate reports, recommendations, and information derived from such studies;

(3) cooperate with and render technical assistance to Federal, State, local, and other public or private agencies, organizations, and institutions which are formulating or carrying on programs to prevent or eliminate discriminatory housing practices;

(4) cooperate with and render such technical and other assistance to the Community Relations Service as may be appropriate to further its activities in preventing or eliminating discriminatory housing practices; and

(5) administer the programs and activities relating to housing and urban development in a manner affirmatively to further the policies of this subchapter.

Pub.L. 90-284, Title VIII, § 808(a), (c)-(e), Apr. 11, 1968, 82 Stat. 84, 85.

Approved April 11, 1968

TITLES VIII AND IX OF PUBLIC LAW 90-284 (Continued)

(Sec. 809) 42 U.S.C. 3609 Education and conciliation; conferences and consultations; reports

Immediately after April 11, 1968, the Secretary shall commence such educational and conciliatory activities as in his judgment will further the purposes of this subchapter. He shall call conferences of persons in the housing industry and other interested parties to acquaint them with the provisions of this subchapter and his suggested means of implementing it, and shall endeavor with their advice to work out programs of voluntary compliance and of enforcement. He may pay per diem, travel, and transportation expenses for persons attending such conferences as provided in section 5703 of Title 5. He shall consult with State and local officials and other interested parties to learn the extent, if any, to which housing discrimination exists in their State or locality, and whether and how State or local enforcement programs might be utilized to combat such discrimination in connection with or in place of, the Secretary's enforcement of this subchapter. The Secretary shall issue reports on such conferences and consultations as he deems appropriate.

Pub.L. 90-284, Title VIII, § 809, Apr. 11, 1968, 82 Stat. 85.

(Sec. 810) 42 U.S.C. 3610 Enforcement—Person aggrieved; complaint; copy; investigation; informal proceedings; violations of secrecy; penalties

(a) Any person who claims to have been injured by a discriminatory housing practice or who believes that he will be irrevocably injured by a discriminatory housing practice that is about to occur (hereafter "person aggrieved") may file a complaint with the Secretary. Complaints shall be in writing and shall contain such information and be in such form as the Secretary requires. Upon receipt of such a complaint the Secretary shall furnish a copy of the same to the person or persons who allegedly committed or are about to commit the alleged discriminatory housing practice. Within thirty days after receiving a complaint, or within thirty days after the expiration of any period of reference under subsection (c) of this section, the Secretary shall investigate the complaint and give notice in writing to the person aggrieved whether he intends to resolve it. If the Secretary decides to resolve the complaint, he shall proceed to try to eliminate or correct the alleged discriminatory housing practice by informal methods of conference, conciliation, and persuasion. Nothing said or done in the course of such informal endeavors may be made public or used as evidence in a subsequent proceeding under this subchapter without the written consent of the persons concerned. Any employee of the Secretary who shall make public any information in violation of this provision shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned not more than one year.

Complaint; limitations; answer; amendments; verification

(b) A complaint under subsection (a) of this section shall be filed within one hundred and eighty days after the alleged discriminatory housing practice occurred. Complaints shall be in writing and shall state the facts upon which the allegations of a discriminatory housing practice are based. Complaints may be reasonably and fairly amended at any time. A respondent may file an answer to the complaint against him and with the leave of the Secretary, which shall be granted whenever it would be reasonable and fair to do so, may amend his answer at any time. Both complaints and answers shall be verified.

Notification of State or local agency of violation of State or local fair housing law; commencement of State or local law enforcement proceedings; certification of circumstances requisite for action by Secretary

(c) Wherever a State or local fair housing law provides rights and remedies for alleged discriminatory housing practices which are substantially equivalent to the rights and remedies provided in this title, the Secretary shall notify the appropriate State or local agency of any complaint filed under this subchapter which appears to constitute a violation of such State or local fair housing law, and the Secretary shall take no further action with respect to such complaint if the appropriate State or local law enforcement official has, within thirty days from the date the alleged offense has been brought to his attention, commenced proceedings

Approved April 11, 1968

TITLES VIII AND IX OF PUBLIC LAW 90-284 (Continued)

in the matter, or, having done so, carries forward such proceedings with reasonable promptness. In no event shall the Secretary take further action unless he certifies that in his judgment, under the circumstances of the particular case, the protection of the rights of the parties or the interests of justice require such action.

Commencement of civil actions; State or local remedies available; jurisdiction and venue; findings; injunctions; appropriate affirmative orders

(d) If within thirty days after a complaint is filed with the Secretary or within thirty days after expiration of any period of reference under subsection (c) of this section, the Secretary has been unable to obtain voluntary compliance with this subchapter, the person aggrieved may, within thirty days thereafter, commence a civil action in any appropriate United States district court, against the respondent named in the complaint, to enforce the rights granted or protected by this subchapter, insofar as such rights relate to the subject of the complaint: *Provided*, That no such civil action may be brought in any United States district court if the person aggrieved has a judicial remedy under a State or local fair housing law which provides rights and remedies for alleged discriminatory housing practices which are substantially equivalent to the rights and remedies provided in this subchapter. Such actions may be brought without regard to the amount in controversy in any United States district court for the district in which the discriminatory housing practice is alleged to have occurred or be about to occur or in which the respondent resides or transacts business. If the court finds that a discriminatory housing practice has occurred or is about to occur, the court may, subject to the provisions of section 3612 of this title, enjoin the respondent from engaging in such practice or order such affirmative action as may be appropriate.

Burden of proof

(e) In any proceeding brought pursuant to this section, the burden of proof shall be on the complainant.

Trial of action; termination of voluntary compliance efforts

(f) Whenever an action filed by an individual, in either Federal or state court, pursuant to this section or section 3612 of this title, shall come to trial the Secretary shall immediately terminate all efforts to obtain voluntary compliance.

Pub.L. 90-284, Title VIII, § 810, Apr. 11, 1968, 82 Stat. 86.

(Sec. 811) 42 U.S.C. 3611 Evidence—Investigations; access to records, documents, and other evidence; copying; searches and seizures; subpoenas for Secretary; interrogatories; administration of oaths

(a) In conducting an investigation the Secretary shall have access at all reasonable times to premises, records, documents, individuals, and other evidence or possible sources of evidence and may examine, record, and copy such materials and take and record the testimony or statements of such persons as are reasonably necessary for the furtherance of the investigation: *Provided, however*, That the Secretary first complies with the provisions of the Fourth Amendment relating to unreasonable searches and seizures. The Secretary may issue subpoenas to compel his access to or the production of such materials, or the appearance of such persons, and may issue interrogatories to a respondent, to the same extent and subject to the same limitations as would apply if the subpoenas or interrogatories were issued or served in aid of a civil action in the United States district court for the district in which the investigation is taking place. The Secretary may administer oaths.

Subpoenas for respondent

(b) Upon written application to the Secretary, a respondent shall be entitled to the issuance of a reasonable number of subpoenas by and in the name of the Secretary to the same extent and subject to the same limitations as subpoenas issued by the Secretary himself. Subpoenas issued at the request of a respondent shall show on their face the name and address of such respondent and shall state that they were issued at his request.

Approved April 11, 1968

Compensation and mileage fees of witnesses

(c) Witnesses summoned by subpoena of the Secretary shall be entitled to the same witness and mileage fees as are witnesses in proceedings in United States district courts. Fees payable to a witness summoned by a subpoena issued at the request of a respondent shall be paid by him.

**Revocation or modification of petition for subpoena;
good reasons for grant of petition**

(d) Within five days after service of a subpoena upon any person, such person may petition the Secretary to revoke or modify the subpoena. The Secretary shall grant the petition if he finds that the subpoena requires appearance or attendance at an unreasonable time or place, that it requires production of evidence which does not relate to any matter under investigation, that it does not describe with sufficient particularity the evidence to be produced, that compliance would be unduly onerous, or for other good reason.

Enforcement of subpoena

(e) In case of contumacy or refusal to obey a subpoena, the Secretary or other person at whose request it was issued may petition for its enforcement in the United States district court for the district in which the person to whom the subpoena was addressed resides, was served, or transacts business.

Violations; penalties

(f) Any person who willfully fails or neglects to attend and testify or to answer any lawful inquiry or to produce records, documents, or other evidence, if in his power to do so, in obedience to the subpoena or lawful order of the Secretary, shall be fined not more than \$1,000 or imprisoned not more than one year, or both. Any person who, with intent thereby to mislead the Secretary, shall make or cause to be made any false entry or statement of fact in any report, account, record, or other document submitted to the Secretary pursuant to his subpoena or other order, or shall willfully neglect or fail to make or cause to be made full, true, and correct entries in such reports, accounts, records, or other documents, or shall willfully mutilate, alter, or by any other means falsify any documentary evidence, shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

Attorney General to conduct litigation

(g) The Attorney General shall conduct all litigation in which the Secretary participates as a party or as amicus pursuant to this Act.
Pub.L. 90-284, Title VIII, § 811, Apr. 11, 1968, 82 Stat. 87.

(Sec. 812) 42 U.S.C. 3612 **Enforcement by private persons—Civil action; Federal and State jurisdiction; complaint; limitations; continuance pending conciliation efforts; prior bona fide transactions unaffected by court orders**

(a) The rights granted by sections 3603, 3604, 3605, and 3606 of this title may be enforced by civil actions in appropriate United States district courts without regard to the amount in controversy and in appropriate State or local courts of general jurisdiction. A civil action shall be commenced within one hundred and eighty days after the alleged discriminatory housing practice occurred: *Provided, however,* That the court shall continue such civil case brought pursuant to this section or section 3610 (d) of this title from time to time before bringing it to trial if the court believes that the conciliation efforts of the Secretary or a State or local agency are likely to result in satisfactory settlement of the discriminatory housing practice complained of in the complaint made to the Secretary or to the local or State agency and which practice forms the basis for the action in court: *And provided, however,* That any sale, encumbrance, or rental consummated prior to the issuance of any court order issued under the authority of this Act, and involving a bona fide purchaser, encumbrancer, or tenant without actual notice of the existence of the filing of a complaint or civil action under the provisions of this Act shall not be affected.

Approved April 11, 1968

TITLES VIII AND IX OF PUBLIC LAW 90-284 (Continued)

Appointment of counsel and commencement of civil actions in Federal or State courts without payment of fees, costs, or security

(b) Upon application by the plaintiff and in such circumstances as the court may deem just, a court of the United States in which a civil action under this section has been brought may appoint an attorney for the plaintiff and may authorize the commencement of a civil action upon proper showing without the payment of fees, costs, or security. A court of a State or subdivision thereof may do likewise to the extent not inconsistent with the law or procedures of the State or subdivision.

Injunctive relief and damages; limitation; court costs; attorney fees

(c) The court may grant as relief, as it deems appropriate, any permanent or temporary injunction, temporary restraining order, or other order, and may award to the plaintiff actual damages and not more than \$1,000 punitive damages, together with court costs and reasonable attorney fees in the case of a prevailing plaintiff: *Provided*, That the said plaintiff in the opinion of the court is not financially able to assume said attorney's fees.

Pub.L. 90-284, Title VIII, § 812, Apr. 11, 1968, 82 Stat. 88.

(Sec. 813) 42 U.S.C. 3613 **Enforcement by the Attorney General; issues of general public importance; civil action; federal jurisdiction; complaint; preventive relief**

Whenever the Attorney General has reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of resistance to the full enjoyment of any of the rights granted by this subchapter, or that any group of persons has been denied any of the rights granted by this subchapter and such denial raises an issue of general public importance, he may bring a civil action in any appropriate United States district court by filing with it a complaint setting forth the facts and requesting such preventive relief, including an application for a permanent or temporary injunction, restraining order, or other order against the person or persons responsible for such pattern or practice or denial of rights, as he deems necessary to insure the full enjoyment of the rights granted by this subchapter.

Pub.L. 90-284, Title VIII, § 813, Apr. 11, 1968, 82 Stat. 88.

(Sec. 814) 42 U.S.C. 3614 **Expedition of proceedings**

Any court in which a proceeding is instituted under section 3612 or 3613 of this title shall assign the case for hearing at the earliest practicable date and cause the case to be in every way expedited.

Pub.L. 90-284, Title VIII, § 814, Apr. 11, 1968, 82 Stat. 88.

(Sec. 815) 42 U.S.C. 3615 **Effect on State laws**

Nothing in this subchapter shall be construed to invalidate or limit any law of a State or political subdivision of a State, or of any other jurisdiction in which this subchapter shall be effective, that grants, guarantees, or protects the same rights as are granted by this subchapter; but any law of a State, a political subdivision, or other such jurisdiction that purports to require or permit any action that would be a discriminatory housing practice under this subchapter shall to that extent be invalid.

Pub.L. 90-284, Title VIII, § 815, Apr. 11, 1968, 82 Stat. 89.

(Sec. 816) 42 U.S.C. 3616 **Cooperation with State and local agencies administering fair housing laws; utilization of services and personnel; reimbursement; written agreements; publication in Federal Register**

The Secretary may cooperate with State and local agencies charged with the administration of State and local fair housing laws and, with the consent of such agencies, utilize the services of such agencies and their employees and, notwithstanding any other provision of law, may reimburse such agencies and their employees for services rendered to assist him in carrying out this subchapter. In furtherance of such cooperative

Approved April 11, 1968

TITLES VIII AND IX OF PUBLIC LAW 90-284 (Continued)

efforts, the Secretary may enter into written agreements with such State or local agencies. All agreements and terminations thereof shall be published in the Federal Register.

Pub.L. 90-284, Title VIII, § 816, Apr. 11, 1968, 82 Stat. 89.

(Sec. 817) 42 U.S.C. 3617 Interference, coercion, or intimidation; enforcement by civil action

It shall be unlawful to coerce, intimidate, threaten, or interfere with any person in the exercise or enjoyment of, or on account of his having exercised or enjoyed, or on account of his having aided or encouraged any other person in the exercise or enjoyment of, any right granted or protected by section 3603, 3604, 3605, or 3606 of this title. This section may be enforced by appropriate civil action.

Pub.L. 90-284, Title VIII, § 817, Apr. 11, 1968, 82 Stat. 89.

(Sec. 818) 42 U.S.C. 3618 Authorization of appropriations

There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this subchapter.

Pub.L. 90-284, Title VIII, § 818, Apr. 11, 1968, 82 Stat. 89.

(Sec. 819) 42 U.S.C. 3619 Separability of provisions

If any provision of this subchapter or the application thereof to any person or circumstances is held invalid, the remainder of the subchapter and the application of the provision to other persons not similarly situated or to other circumstances shall not be affected thereby.

Pub.L. 90-284, Title VIII, § 819, Apr. 11, 1968, 82 Stat. 89.

TITLE IX

SUBCHAPTER II.—PREVENTION OF INTIMIDATION

(Sec. 901) 42 U.S.C. 3631 Violations; bodily injury; death; penalties

Whoever, whether or not acting under color of law, by force or threat of force willfully injures, intimidates or interferes with, or attempts to injure, intimidate or interfere with—

(a) any person because of his race, color, religion or national origin and because he is or has been selling, purchasing, renting, financing, occupying, or contracting or negotiating for the sale, purchase, rental, financing or occupation of any dwelling, or applying for or participating in any service, organization, or facility relating to the business of selling or renting dwellings; or

(b) any person because he is or has been, or in order to intimidate such person or any other person or any class of persons from—

(1) participating, without discrimination on account of race, color, religion or national origin, in any of the activities, services, organizations or facilities described in subsection (a) of this section; or

(2) affording another person or class of persons opportunity or protection so to participate; or

(c) any citizen because he is or has been, or in order to discourage such citizen or any other citizen from lawfully aiding or encouraging other persons to participate, without discrimination on account

Approved April 11, 1968

TITLES VIII AND IX OF PUBLIC LAW 90-284 (Continued)

of race, color, religion or national origin, in any of the activities, services, organizations or facilities described in subsection (a) of this section or participating lawfully in speech or peaceful assembly opposing any denial of the opportunity to so participate—
shall be fined not more than \$1,000, or imprisoned not more than one year, or both; and if bodily injury results shall be fined not more than \$10,000, or imprisoned not more than ten years, or both; and if death results shall be subject to imprisonment for any term of years or for life.
Pub.L. 90-284, Title IX, § 901, Apr. 11, 1968, 82 Stat. 89.

NATIONAL ENVIRONMENTAL POLICY ACT OF 1969

***(Sec. 2) 42 U.S.C. 4321**

Congressional declaration of purpose

The purposes of this chapter are: To declare a national policy which will encourage productive and enjoyable harmony between man and his environment; to promote efforts which will prevent or eliminate damage to the environment and biosphere and stimulate the health and welfare of man; to enrich the understanding of the ecological systems and natural resources important to the Nation; and to establish a Council on Environmental Quality.

Pub.L. 91-190, § 2, Jan. 1, 1970, 83 Stat. 852.

SUBCHAPTER I.—POLICIES AND GOALS

(Sec. 101) 42 U.S.C. 4331

Congressional declaration of national environmental policy

(a) The Congress, recognizing the profound impact of man's activity on the interrelations of all components of the natural environment, particularly the profound influences of population growth, high density urbanization, industrial expansion, resource exploitation, and new and expanding technological advances and recognizing further the critical importance of restoring and maintaining environmental quality to the overall welfare and development of man, declares that it is the continuing policy of the Federal Government, in cooperation with State and local governments, and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to foster and promote the general welfare, to create and maintain conditions under which man and nature can exist in productive harmony, and fulfill the social, economic, and other requirements of present and future generations of Americans.

(b) In order to carry out the policy set forth in this chapter, it is the continuing responsibility of the Federal Government to use all practicable means, consistent with other essential considerations of national policy, to improve and coordinate Federal plans, functions, programs, and resources to the end that the Nation may—

(1) fulfill the responsibilities of each generation as trustee of the environment for succeeding generations;

(2) assure for all Americans safe, healthful, productive, and esthetically and culturally pleasing surroundings;

(3) attain the widest range of beneficial uses of the environment without degradation, risk to health or safety, or other undesirable and unintended consequences;

(4) preserve important historic, cultural, and natural aspects of our national heritage, and maintain, wherever possible, an environment which supports diversity and variety of individual choice;

(5) achieve a balance between population and resource use which will permit high standards of living and a wide sharing of life's amenities; and

(6) enhance the quality of renewable resources and approach the maximum attainable recycling of depletable resources.

(c) The Congress recognizes that each person should enjoy a healthful environment and that each person has a responsibility to contribute to the preservation and enhancement of the environment.

Pub.L. 91-190, Title I, § 101, Jan. 1, 1970, 83 Stat. 852.

(Sec. 102) 42 U.S.C. 4332

Cooperation of agencies; reports; availability of information; recommendations; international and national coordination of efforts

The Congress authorizes and directs that, to the fullest extent possible: (1) the policies, regulations, and public laws of the United States shall be interpreted and administered in accordance with the policies set forth in this chapter, and (2) all agencies of the Federal Government shall—

ENVIRONMENTAL POLICY ACT (Continued)

(A) utilize a systematic, interdisciplinary approach which will insure the integrated use of the natural and social sciences and the environmental design arts in planning and in decisionmaking which may have a impact on man's environment;

(B) identify and develop methods and procedures, in consultation with the Council on Environmental Quality established by subchapter II of this chapter, which will insure that presently unquantified environmental amenities and values may be given appropriate consideration in decisionmaking along with economic and technical considerations;

(C) include in every recommendation or report on proposals for legislation and other major Federal actions significantly affecting the quality of the human environment, a detailed statement by the responsible official on—

- (i) the environmental impact of the proposed action,
- (ii) any adverse environmental effects which cannot be avoided should the proposal be implemented,
- (iii) alternatives to the proposed action,
- (iv) the relationship between local short-term uses of man's environment and the maintenance and enhancement of long-term productivity, and
- (v) any irreversible and irretrievable commitments of resources which would be involved in the proposed action should it be implemented.

Prior to making any detailed statement, the responsible Federal official shall consult with and obtain the comments of any Federal agency which has jurisdiction by law or special expertise with respect to any environmental impact involved. Copies of such statement and the comments and views of the appropriate Federal, State, and local agencies, which are authorized to develop and enforce environmental standards, shall be made available to the President, the Council on Environmental Quality and to the public as provided by section 552 of Title 5, and shall accompany the proposal through the existing agency review processes;

(D) study, develop, and describe appropriate alternatives to recommended courses of action in any proposal which involves unresolved conflicts concerning alternative uses of available resources;

(E) recognize the worldwide and long-range character of environmental problems and, where consistent with the foreign policy of the United States, lend appropriate support to initiatives, resolutions, and programs designed to maximize international cooperation in anticipating and preventing a decline in the quality of mankind's world environment;

(F) make available to States, counties, municipalities, institutions, and individuals, advice and information useful in restoring, maintaining, and enhancing the quality of the environment;

(G) initiate and utilize ecological information in the planning and development of resource-oriented projects; and

(H) assist the Council on Environmental Quality established by subchapter II of this chapter.

Pub.L. 91-190, Title I, § 102, Jan. 1, 1970, 83 Stat. 853.

(Sec. 103) 42 U.S.C. 4333

Conformity of administrative procedures to national environmental policy

All agencies of the Federal Government shall review their present statutory authority, administrative regulations, and current policies and procedures for the purpose of determining whether there are any deficiencies or inconsistencies therein which prohibit full compliance with the purposes and provisions of this chapter and shall propose to the President not later than July 1, 1971, such measures as may be necessary to bring their authority and policies into conformity with the intent, purposes, and procedures set forth in this chapter.

Pub.L. 91-190, Title I, § 103, Jan. 1, 1970, 83 Stat. 854.

ENVIRONMENTAL POLICY ACT (Continued)

(Sec. 104) 42 U.S.C. 4334 Other statutory obligations of agencies

Nothing in section 4332 or 4333 of this title shall in any way affect the specific statutory obligations of any Federal agency (1) to comply with criteria or standards of environmental quality, (2) to coordinate or consult with any other Federal or State agency, or (3) to act, or refrain from acting contingent upon the recommendations or certification of any other Federal or State agency.

Pub.L. 91-190, Title I, § 104, Jan. 1, 1970, 83 Stat. 854.

(Sec. 105) 42 U.S.C. 4335 Efforts supplemental to existing authorizations

The policies and goals set forth in this chapter are supplementary to those set forth in existing authorizations of Federal agencies.

Pub.L. 91-190, Title I, § 105, Jan. 1, 1970, 83 Stat. 854.

SUBCHAPTER II.—COUNCIL ON ENVIRONMENTAL QUALITY

(Sec. 201) 42 U.S.C. 4341 Reports to Congress; recommendations for legislation

The President shall transmit to the Congress annually beginning July 1, 1970, an Environmental Quality Report (hereinafter referred to as the "report") which shall set forth (1) the status and condition of the major natural, manmade, or altered environmental classes of the Nation, including, but not limited to, the air, the aquatic, including marine, estuarine, and fresh water, and the terrestrial environment, including, but not limited to, the forest, dryland, wetland, range, urban, suburban, and rural environment; (2) current and foreseeable trends in the quality, management and utilization of such environments and the effects of those trends on the social, economic, and other requirements of the Nation; (3) the adequacy of available natural resources for fulfilling human and economic requirements of the Nation in the light of expected population pressures; (4) a review of the programs and activities (including regulatory activities) of the Federal Government, the State and local governments, and nongovernmental entities or individuals, with particular reference to their effect on the environment and on the conservation, development and utilization of natural resources; and (5) a program for remedying the deficiencies of existing programs and activities, together with recommendations for legislation.

Pub.L. 91-190, Title II, § 201, Jan. 1, 1970, 83 Stat. 854.

(Sec. 202) 42 U.S.C. 4342 Establishment; membership; Chairman; appointments

There is created in the Executive Office of the President a Council on Environmental Quality (hereinafter referred to as the "Council"). The Council shall be composed of three members who shall be appointed by the President to serve at his pleasure, by and with the advice and consent of the Senate. The President shall designate one of the members of the Council to serve as Chairman. Each member shall be a person who, as a result of his training, experience, and attainments, is exceptionally well qualified to analyze and interpret environmental trends and information of all kinds; to appraise programs and activities of the Federal Government in the light of the policy set forth in subchapter I of this chapter; to be conscious of and responsive to the scientific, economic, social, esthetic, and cultural needs and interests of the Nation; and to formulate and recommend national policies to promote the improvement of the quality of the environment.

Pub.L. 91-190, Title II, § 202, Jan. 1, 1970, 83 Stat. 854.

(Sec. 203) 42 U.S.C. 4343 Employment of personnel, experts and consultants

The Council may employ such officers and employees as may be necessary to carry out its functions under this chapter. In addition, the Council may employ and fix the compensation of such experts and consultants as may be necessary for the carrying out of its functions under this chapter, in accordance with section 3109 of Title 5 (but without regard to the last sentence thereof).

Pub.L. 91-190, Title II, § 203, Jan. 1, 1970, 83 Stat. 855.

ENVIRONMENTAL POLICY ACT (Continued)

(Sec. 204) 42 U.S.C. 4344 Duties and functions

It shall be the duty and function of the Council—

(1) to assist and advise the President in the preparation of the Environmental Quality Report required by section 4341 of this title;

(2) to gather timely and authoritative information concerning the conditions and trends in the quality of the environment both current and prospective, to analyze and interpret such information for the purpose of determining whether such conditions and trends are interfering, or are likely to interfere, with the achievement of the policy set forth in subchapter I of this chapter, and to compile and submit to the President studies relating to such conditions and trends;

(3) to review and appraise the various programs and activities of the Federal Government in the light of the policy set forth in subchapter I of this chapter for the purpose of determining the extent to which such programs and activities are contributing to the achievement of such policy, and to make recommendations to the President with respect thereto;

(4) to develop and recommend to the President national policies to foster and promote the improvement of environmental quality to meet the conservation, social, economic, health, and other requirements and goals of the Nation;

(5) to conduct investigations, studies, surveys, research, and analyses relating to ecological systems and environmental quality;

(6) to document and define changes in the natural environment, including the plant and animal systems, and to accumulate necessary data and other information for a continuing analysis of these changes or trends and an interpretation of their underlying causes;

(7) to report at least once each year to the President on the state and condition of the environment; and

(8) to make and furnish such studies, reports thereon, and recommendations with respect to matters of policy and legislation as the President may request.

Pub.L. 91-190, Title II, § 204, Jan. 1, 1970, 83 Stat. 855.

(Sec. 205) 42 U.S.C. 4345 Consultation with the Citizen's Advisory Committee on Environmental Quality and other representatives

In exercising its powers, functions, and duties under this chapter, the Council shall—

(1) consult with the Citizens' Advisory Committee on Environmental Quality established by Executive Order numbered 11472, dated May 29, 1969, and with such representatives of science, industry, agriculture, labor, conservation organizations, State and local governments and other groups, as it deems advisable; and

(2) utilize, to the fullest extent possible, the services, facilities, and information (including statistical information) of public and private agencies and organizations, and individuals, in order that duplication of effort and expense may be avoided, thus assuring that the Council's activities will not unnecessarily overlap or conflict with similar activities authorized by law and performed by established agencies.

Pub.L. 91-190, Title II, § 205, Jan. 1, 1970, 83 Stat. 855.

(Sec. 206) 42 U.S.C. 4346 Tenure and compensation of members

Members of the Council shall serve full time and the Chairman of the Council shall be compensated at the rate provided for Level II of the Executive Schedule Pay Rates. The other members of the Council shall be compensated at the rate provided for Level IV or the Executive Schedule Pay Rates.

Pub.L. 91-190, Title II, § 206, Jan. 1, 1970, 83 Stat. 856.

(Sec. 207) 42 U.S.C. 4347 Authorization of appropriations

There are authorized to be appropriated to carry out the provisions of this chapter not to exceed \$300,000 for fiscal year 1970, \$700,000 for fiscal year 1971, and \$1,000,000 for each fiscal year thereafter.

Pub.L. 91-190, Title II, § 207, Jan. 1, 1970, 83 Stat. 856.

EXECUTIVE ORDERS RELATING TO EQUAL OPPORTUNITY IN EMPLOYMENT
AND HOUSING AND PROVIDING FOR THE COORDINATION BY THE ATTORNEY GENERAL
OF ENFORCEMENT OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

27 F.R. 11527 et seq.

Executive Order 11063
EQUAL OPPORTUNITY IN HOUSING

WHEREAS the granting of Federal assistance for the provision, rehabilitation, or operation of housing and related facilities from which Americans are excluded because of their race, color, creed, or national origin is unfair, unjust, and inconsistent with the public policy of the United States as manifested in its Constitution and laws; and

WHEREAS the Congress in the Housing Act of 1949 has declared that the general welfare and security of the Nation and the health and living standards of its people require the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family; and

WHEREAS discriminatory policies and practices based upon race, color, creed, or national origin now operate to deny many Americans the benefits of housing financed through Federal assistance and as a consequence prevent such assistance from providing them with an alternative to substandard, unsafe, unsanitary, and overcrowded housing; and

WHEREAS such discriminatory policies and practices result in segregated patterns of housing and necessarily produce other forms of discrimination and segregation which deprive many Americans of equal opportunity in the exercise of their unalienable rights to life, liberty, and the pursuit of happiness; and

WHEREAS the executive branch of the Government, in faithfully executing the laws of the United States which authorize Federal financial assistance, directly or indirectly, for the provision, rehabilitation, and operation of housing and related facilities, is charged with an obligation and duty to assure that those laws are fairly administered and that benefits thereunder are made available to all Americans without regard to their race, color, creed, or national origin:

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and laws of the United States, it is ordered as follows:

PART I—PREVENTION OF DISCRIMINATION

SECTION 101. I hereby direct all departments and agencies in the executive branch of the Federal Government, insofar as their functions relate to the provision, rehabilitation, or operation of housing and related facilities, to take all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin—

(a) in the sale, leasing, rental, or other disposition of residential property and related facilities (including land to be developed for residential use), or in the use or occupancy thereof, if such property and related facilities are—

(i) owned or operated by the Federal Government, or

(ii) provided in whole or in part with the aid of loans, advances, grants, or contributions hereafter agreed to be made by the Federal Government, or

EXECUTIVE ORDERS (Continued)

(iii) provided in whole or in part by loans hereafter insured, guaranteed, or otherwise secured by the credit of the Federal Government, or

(iv) provided by the development or the redevelopment of real property purchased, leased, or otherwise obtained from a State or local public agency receiving Federal financial assistance for slum clearance or urban renewal with respect to such real property under a loan or grant contract hereafter entered into; and

(b) in the lending practices with respect to residential property and related facilities (including land to be developed for residential use) of lending institutions, insofar as such practices relate to loans hereafter insured or guaranteed by the Federal Government.

SEC. 102. I hereby direct the Housing and Home Finance Agency and all other executive departments and agencies to use their good offices and to take other appropriate action permitted by law, including the institution of appropriate litigation, if required, to promote the abandonment of discriminatory practices with respect to residential property and related facilities heretofore provided with Federal financial assistance of the types referred to in Section 101 (a) (ii), (iii), and (iv).

PART II—IMPLEMENTATION BY DEPARTMENTS AND AGENCIES

SEC. 201. Each executive department and agency subject to this order is directed to submit to the President's Committee on Equal Opportunity in Housing established pursuant to Part IV of this order (hereinafter sometimes referred to as the Committee), within thirty days from the date of this order, a report outlining all current programs administered by it which are affected by this order.

SEC. 202. Each such department and agency shall be primarily responsible for obtaining compliance with the purposes of this order as the order applies to programs administered by it; and is directed to cooperate with the Committee, to furnish it, in accordance with law, such information and assistance as it may request in the performance of its functions, and to report to it at such intervals as the Committee may require.

SEC. 203. Each such department and agency shall, within thirty days from the date of this order, issue such rules and regulations, adopt such procedures and policies, and make such exemptions and exceptions as may be consistent with law and necessary or appropriate to effectuate the purposes of this order. Each such department and agency shall consult with the Committee in order to achieve such consistency and uniformity as may be feasible.

PART III—ENFORCEMENT

SEC. 301. The Committee, any subcommittee thereof, and any officer or employee designated by any executive department or agency subject to this order may hold such hearings, public or private, as the Committee, department, or agency may deem advisable for compliance, enforcement, or educational purposes.

SEC. 302. If any executive department or agency subject to this order concludes that any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) or any State or local public agency has violated any rule, regulation, or procedure issued or adopted pursuant to this order, or any non-discrimination provision included in any agreement or contract pursuant to any such rule, regulation, or procedure, it shall endeavor to end and remedy such violation by informal means, including conference, conciliation, and persuasion unless similar efforts made by another Federal department or agency have been unsuccessful. In conformity with rules, regulations, procedures, or policies issued or adopted by it pursuant to Section 203 hereof, a department or agency may take such action as may be appropriate under its governing laws, including, but not limited to, the following:

EXECUTIVE ORDERS (Continued)

It may—

(a) cancel or terminate in whole or in part any agreement or contract with such person, firm, or State or local public agency **providing** for a loan, grant, contribution, or other Federal aid, or for the payment of a commission or fee;

(b) refrain from extending any further aid under any program administered by it and affected by this order until it is satisfied that the affected person, firm, or State or local public agency will comply with the rules, regulations, and procedures issued or adopted pursuant to this order, and any nondiscrimination provisions included in any agreement or contract;

(c) refuse to approve a lending institution or any other lender as a beneficiary under any program administered by it which is affected by this order or revoke such approval if previously given.

SEC. 303. In appropriate cases executive departments and agencies shall refer to the Attorney General violations of any rules, regulations, or procedures issued or adopted pursuant to this order, or violations of any nondiscrimination provisions included in any agreement or contract, for such civil or criminal action as he may deem appropriate. The Attorney General is authorized to furnish legal advice concerning this order to the Committee and to any department or agency requesting such advice.

SEC. 304. Any executive department or agency affected by this order may also invoke the sanctions provided in Section 302 where any person or firm, including a lender, has violated the rules, regulations, or procedures issued or adopted pursuant to this order, or the nondiscrimination provisions included in any agreement or contract, with respect to any program affected by this order administered by any other executive department or agency.

PART IV—ESTABLISHMENT OF THE PRESIDENT'S COMMITTEE ON EQUAL OPPORTUNITY IN HOUSING

SEC. 401. There is hereby established the President's Committee on Equal Opportunity in Housing which shall be composed of the Secretary of the Treasury; the Secretary of Defense; the Attorney General; the Secretary of Agriculture; the Housing and Home Finance Administrator; the Administrator of Veterans Affairs; the Chairman of the Federal Home Loan Bank Board; a member of the staff of the Executive Office of the President to be assigned to the Committee by direction of the President, and such other members as the President shall from time to time appoint from the public. The member assigned by the President from the staff of the Executive Office shall serve as the Chairman and Executive Director of the Committee. Each department or agency head may designate an alternate to represent him in his absence.

SEC. 402. Each department or agency subject to this order shall, to the extent authorized by law (including § 214 of the Act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691)), furnish assistance to and defray the necessary expenses of the Committee.

PART V—POWERS AND DUTIES OF THE PRESIDENT'S COMMITTEE ON EQUAL OPPORTUNITY IN HOUSING

SEC. 501. The Committee shall meet upon the call of the Chairman and at such other times as may be provided by its rules. It shall: (a) adopt rules to govern its deliberations and activities; (b) recommend general policies and procedures to implement this order; (c) consider reports as to progress under this order; (d) consider any matters which may be presented to it by any of its members; and (e) make such reports to the President as he may require or the Committee shall deem appropriate. A report to the President shall be made at least once annually and shall include references to the actions taken and results achieved by departments and agencies subject to this order. The Committee may provide for the establishment of subcommittees whose members shall be appointed by the Chairman.

EXECUTIVE ORDERS (Continued)

SEC. 502. (a) The Committee shall take such action as it deems necessary and appropriate to promote the coordination of the activities of departments and agencies under this order. In so doing, the Committee shall consider the overall objectives of Federal legislation relating to housing and the right of every individual to participate without discrimination because of race, color, creed, or national origin in the ultimate benefits of the Federal programs subject to this order.

(b) The Committee may confer with representatives of any department or agency, State or local public agency, civic, industry, or labor group, or any other group directly or indirectly affected by this order; examine the relevant rules, regulations, procedures, policies, and practices of any department or agency subject to this order and make such recommendations as may be necessary or desirable to achieve the purposes of this order.

(c) The Committee shall encourage educational programs by civic, educational, religious, industry, labor, and other nongovernmental groups to eliminate the basic causes of discrimination in housing and related facilities provided with Federal assistance.

SEC. 503. The Committee shall have an executive committee consisting of the Committee's Chairman and two other members designated by him from among the public members. The Chairman of the Committee shall also serve as Chairman of the Executive Committee. Between meetings of the Committee, the Executive Committee shall be primarily responsible for carrying out the functions of the Committee and may act for the Committee to the extent authorized by it.

PART VI—MISCELLANEOUS

SEC. 601. As used in this order, the term "departments and agencies" includes any wholly-owned or mixed-ownership Government corporation, and the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories of the United States.

SEC. 602. This order shall become effective immediately.

JOHN FITZGERALD KENNEDY

THE WHITE HOUSE,
November 20, 1962.

[F.R. Doc. 62-11689; Filed, Nov. 21, 1962; 1:20 p.m.]

30 F.R. 12319 et seq.

Executive Order 11246

EQUAL EMPLOYMENT OPPORTUNITY

Under and by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered as follows:

PART I—NONDISCRIMINATION IN GOVERNMENT EMPLOYMENT

SECTION 101. It is the policy of the Government of the United States to provide equal opportunity in Federal employment for all qualified persons, to prohibit discrimination in employment because of race, creed, color, or national origin, and to promote the full realization of equal employment opportunity through a positive, continuing program in each executive department and agency. The policy of equal opportunity applies to every aspect of Federal employment policy and practice.

SEC. 102. The head of each executive department and agency shall establish and maintain a positive program of equal employment opportunity for all civilian employees and applicants for employment within his jurisdiction in accordance with the policy set forth in Section 101.

SEC. 103. The Civil Service Commission shall supervise and provide leadership and guidance in the conduct of equal employment opportunity programs for the civilian employees of and applications for employment within the executive departments and agencies and shall review agency program accomplishments periodically. In order to facilitate the achievement of a model program for equal employment opportunity in the Federal service, the Commission may consult from time to time with such individuals, groups, or organizations as may be of assistance in improving the Federal program and realizing the objectives of this Part.

SEC. 104. The Civil Service Commission shall provide for the prompt, fair, and impartial consideration of all complaints of discrimination in Federal employment on the basis of race, creed, color, or national origin. Procedures for the consideration of complaints shall include at least one impartial review within the executive department or agency and shall provide for appeal to the Civil Service Commission.

SEC. 105. The Civil Service Commission shall issue such regulations, orders, and instructions as it deems necessary and appropriate to carry out its responsibilities under this Part, and the head of each executive department and agency shall comply with the regulations, orders, and instructions issued by the Commission under this Part.

PART II—NONDISCRIMINATION IN EMPLOYMENT BY GOVERNMENT CONTRACTORS AND SUBCONTRACTORS

SUBPART A—DUTIES OF THE SECRETARY OF LABOR

SEC. 201. The Secretary of Labor shall be responsible for the administration of Parts II and III of this Order and shall adopt such rules and regulations and issue such orders as he deems necessary and appropriate to achieve the purposes thereof.

SUBPART B—CONTRACTORS' AGREEMENTS

SEC. 202. Except in contracts exempted in accordance with Section 204 of this Order, all Government contracting agencies shall include in every Government contract hereafter entered into the following provisions:

"During the performance of this contract, the contractor agrees as follows:

"(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(4) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

"(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

EXECUTIVE ORDERS (Continued)

"(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept. 24, 1965, and such other sanctions may be imposed and remedies involved as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

"(7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 201 of Executive Order No. 11246 of Sept. 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: *Provided, however*, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

SEC. 203. (a) Each contractor having a contract containing the provisions prescribed in Section 202 shall file, and shall cause each of his subcontractors to file, Compliance Reports with the contracting agency or the Secretary of Labor as may be directed. Compliance Reports shall be filed within such times and shall contain such information as to the practices, policies, programs, and employment policies, programs, and employment statistics of the contractor and each subcontractor, and shall be in such form, as the Secretary of Labor may prescribe.

(b) Bidders or prospective contractors or subcontractors may be required to state whether they have participated in any previous contract subject to the provisions of this Order, or any preceding similar Executive order, and in that event to submit, on behalf of themselves and their proposed subcontractors, Compliance Reports prior to or as an initial part of their bid or negotiation of a contract.

(c) Whenever the contractor or subcontractor has a collective bargaining agreement or other contract or understanding with a labor union or an agency referring workers or providing or supervising apprenticeship or training for such workers, the Compliance Report shall include such information as to such labor union's or agency's practices and policies affecting compliance as the Secretary of Labor may prescribe: *Provided*, That to the extent such information is within the exclusive possession of a labor union or an agency referring workers or providing or supervising apprenticeship or training and such labor union or agency shall refuse to furnish such information to the contractor, the contractor shall so certify to the contracting agency as part of its Compliance Report and shall set forth what efforts he has made to obtain such information.

(d) The contracting agency or the Secretary of Labor may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his Compliance Report, a statement in writing, signed by an authorized officer or agent on behalf of any labor union or any agency referring workers or providing or supervising apprenticeship or other training, with which the bidder or prospective contractor deals, with supporting information, to the effect that the signer's practices and policies do not discriminate on the grounds of race, color, creed, or national origin, and that the signer either will affirmatively cooperate in the implementation of the policy and provisions of this Order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the Order. In the event that the union, or the agency shall refuse to execute such a statement, the Compliance Report shall so certify and set forth what efforts have been made to secure such a statement and such additional factual material as the contracting agency or the Secretary of Labor may require.

SEC. 204. The Secretary of Labor may, when he deems that special circumstances in the national interest so require, exempt a contracting agency from the requirement of including any or all of the provisions of Section 202 of this Order in any specific contract, subcontract, or purchase order. The Secretary of Labor may, by rule or regulation, also exempt certain classes of contracts, subcontracts, or purchase orders (1) whenever work is to be or has been performed outside the United States and no recruitment of workers within the limits of the United States is involved; (2) for standard commercial supplies or raw materials; (3) involving less than specified amounts of money or specified numbers of workers; or (4) to the extent that they involve subcontracts below a specified tier. The Secretary of Labor may also provide, by rule, regulation, or order, for the exemption of facilities of a contractor which are in all respects separate and distinct from activities of the contractor related to the performance of the contract: *Provided*, That such an exemption will not interfere with or impede the effectuation of the purposes of this Order: *And provided further*, That in the absence of such an exemption all facilities shall be covered by the provisions of this Order.

SUBPART C—POWERS AND DUTIES OF THE SECRETARY OF LABOR AND THE CONTRACTING AGENCIES

SEC. 205. Each contracting agency shall be primarily responsible for obtaining compliance with the rules, regulations, and orders of the Secretary of Labor with respect to contracts entered into by such agency or its contractors. All contracting agencies shall comply with the rules of the Secretary of Labor in discharging their primary responsibility for securing compliance with the provisions of contracts and otherwise with the terms of this Order and of the rules, regulations, and orders of the Secretary of Labor issued pursuant to this Order. They are directed to cooperate with the Secretary of Labor and to furnish the Secretary of Labor such information and assistance as he may require in the performance of his functions under this Order. They are further directed to appoint or designate, from among the agency's personnel, compliance officers. It shall be the duty of such officers to seek compliance with the objectives of this Order by conference, conciliation, mediation, or persuasion.

SEC. 206. (a) The Secretary of Labor may investigate the employment practices of any Government contractor or subcontractor, or initiate such investigation by the appropriate contracting agency, to determine whether or not the contractual provisions specified in Section 202 of this Order have been violated. Such investigation shall be conducted in accordance with the procedures established by the Secretary of Labor and the investigating agency shall report to the Secretary of Labor any action taken or recommended.

(b) The Secretary of Labor may receive and investigate or cause to be investigated complaints by employees or prospective employees of a Government contractor or subcontractor which allege discrimination contrary to the contractual provisions specified in Section 202 of this Order. If this investigation is conducted for the Secretary of Labor by a contracting agency, that agency shall report to the Secretary what action has been taken or is recommended with regard to such complaints.

SEC. 207. The Secretary of Labor shall use his best efforts, directly and through contracting agencies, other interested Federal, State, and local agencies, contractors, and all other available instrumentalities to cause any labor union engaged in work under Government contracts or any agency referring workers or providing or supervising apprenticeship or training for or in the course of such work to cooperate in the implementation of the purposes of this Order. The Secretary of Labor shall, in appropriate cases, notify the Equal Employment Opportunity Commission, the Department of Justice, or other appropriate Federal agencies whenever it has reason to believe that the practices of any such labor organization or agency violate Title VI or Title VII of the Civil Rights Act of 1964 or other provision of Federal law.

EXECUTIVE ORDERS (Continued)

SEC. 208. (a) The Secretary of Labor, or any agency, officer, or employee in the executive branch of the Government designated by rule, regulation, or order of the Secretary, may hold such hearings, public or private, as the Secretary may deem advisable for compliance, enforcement, or educational purposes.

(b) The Secretary of Labor may hold, or cause to be held, hearings in accordance with Subsection (a) of this Section prior to imposing, ordering, or recommending the imposition of penalties and sanctions under this Order. No order for debarment of any contractor from further Government contracts under Section 209(a)(6) shall be made without affording the contractor an opportunity for a hearing.

SUBPART D—SANCTIONS AND PENALTIES

SEC. 209. (a) In accordance with such rules, regulations, or orders as the Secretary of Labor may issue or adopt, the Secretary or the appropriate contracting agency may:

(1) Publish, or cause to be published, the names of contractors or unions which it has concluded have complied or have failed to comply with the provisions of this Order or of the rules, regulations, and orders of the Secretary of Labor.

(2) Recommend to the Department of Justice that, in cases in which there is substantial or material violation or the threat of substantial or material violation of the contractual provisions set forth in Section 202 of this Order, appropriate proceedings be brought to enforce those provisions, including the enjoining, within the limitations of applicable law, of organizations, individuals, or groups who prevent directly or indirectly, or seek to prevent directly or indirectly, compliance with the provisions of this Order.

(3) Recommend to the Equal Employment Opportunity Commission or the Department of Justice that appropriate proceedings be instituted under Title VII of the Civil Rights Act of 1964.

(4) Recommend to the Department of Justice that criminal proceedings be brought for the furnishing of false information to any contracting agency or to the Secretary of Labor as the case may be.

(5) Cancel, terminate, suspend, or cause to be cancelled, terminated, or suspended, any contract, or any portion or portions thereof, for failure of the contractor or subcontractor to comply with the non-discrimination provisions of the contract. Contracts may be cancelled, terminated, or suspended absolutely or continuance of contracts may be conditioned upon a program for future compliance approved by the contracting agency.

(6) Provide that any contracting agency shall refrain from entering into further contracts, or extensions or other modifications of existing contracts, with any noncomplying contractor, until such contractor has satisfied the Secretary of Labor that such contractor has established and will carry out personnel and employment policies in compliance with the provisions of this Order.

(b) Under rules and regulations prescribed by the Secretary of Labor, each contracting agency shall make reasonable efforts within a reasonable time limitation to secure compliance with the contract provisions of this Order by methods of conference, conciliation, mediation, and persuasion before proceedings shall be instituted under Subsection (a)(2) of this Section, or before a contract shall be cancelled or terminated in whole or in part under Subsection (a)(5) of this Section for failure of a contractor or subcontractor to comply with the contract provisions of this Order.

SEC. 210. Any contracting agency taking any action authorized by this Subpart, whether on its own motion, or as directed by the Secretary of Labor, or under the rules and regulations of the Secretary,

EXECUTIVE ORDERS (Continued)

shall promptly notify the Secretary of such action. Whenever the Secretary of Labor makes a determination under this Section, he shall promptly notify the appropriate contracting agency of the action recommended. The agency shall take such action and shall report the results thereof to the Secretary of Labor within such time as the Secretary shall specify.

SEC. 211. If the Secretary shall so direct, contracting agencies shall not enter into contracts with any bidder or prospective contractor unless the bidder or prospective contractor has satisfactorily complied with the provisions of this Order or submits a program for compliance acceptable to the Secretary of Labor or, if the Secretary so authorizes, to the contracting agency.

SEC. 212. Whenever a contracting agency cancels or terminates a contract, or whenever a contractor has been debarred from further Government contracts, under Section 209(a) (6) because of noncompliance with the contract provisions with regard to nondiscrimination, the Secretary of Labor, or the contracting agency involved, shall promptly notify the Comptroller General of the United States. Any such debarment may be rescinded by the Secretary of Labor or by the contracting agency which imposed the sanction.

SUBPART E—CERTIFICATES OF MERIT

SEC. 213. The Secretary of Labor may provide for issuance of a United States Government Certificate of Merit to employers or labor unions, or other agencies which are or may hereafter be engaged in work under Government contracts, if the Secretary is satisfied that the personnel and employment practices of the employer, or that the personnel, training, apprenticeship, membership, grievance and representation, upgrading, and other practices and policies of the labor union or other agency conform to the purposes and provisions of this Order.

SEC. 214. Any Certificate of Merit may at any time be suspended or revoked by the Secretary of Labor if the holder thereof, in the judgment of the Secretary, has failed to comply with the provisions of this Order.

SEC. 215. The Secretary of Labor may provide for the exemption of any employer, labor union, or other agency from any reporting requirements imposed under or pursuant to this Order if such employer, labor union, or other agency has been awarded a Certificate of Merit which has not been suspended or revoked.

PART III—NONDISCRIMINATION PROVISIONS IN FEDERALLY ASSISTED CONSTRUCTION CONTRACTS

SEC. 301. Each executive department and agency which administers a program involving Federal financial assistance shall require as a condition for the approval of any grant, contract, loan, insurance, or guarantee thereunder, which may involve a construction contract, that the applicant for Federal assistance undertake and agree to incorporate, or cause to be incorporated, into all construction contracts paid for in whole or in part with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to such grant, contract, loan, insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the provisions prescribed for Government contracts by Section 203 of this Order or such modification thereof, preserving in substance the contractor's obligations thereunder, as may be approved by the Secretary of Labor, together with such additional provisions as the Secretary deems appropriate to establish and protect the interest of the United States in the enforcement of those obligations. Each such applicant shall also undertake and agree (1) to assist and cooperate actively with the administering department or agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with those contract provisions and with the rules, regulations, and relevant orders of the

EXECUTIVE ORDERS (Continued)

Secretary, (2) to obtain and to furnish to the administering department or agency and to the Secretary of Labor such information as they may require for the supervision of such compliance, (3) to carry out sanctions and penalties for violation of such obligations imposed upon contractors and subcontractors by the Secretary of Labor or the administering department or agency pursuant to Part II, Subpart D, of this Order, and (4) to refrain from entering into any contract subject to this Order, or extension or other modification of such a contract with a contractor debarred from Government contracts under Part II, Subpart D, of this Order.

SEC. 302. (a) "Construction contract" as used in this Order means any contract for the construction, rehabilitation, alteration, conversion, extension, or repair of buildings, highways, or other improvements to real property.

(b) The provisions of Part II of this Order shall apply to such construction contracts, and for purposes of such application the administering department or agency shall be considered the contracting agency referred to therein.

(c) The term "applicant" as used in this Order means an applicant for Federal assistance or, as determined by agency regulation, other program participant, with respect to whom an application for any grant, contract, loan, insurance, or guarantee is not finally acted upon prior to the effective date of this Part, and it includes such an applicant after he becomes a recipient of such Federal assistance.

SEC. 303. (a) Each administering department and agency shall be responsible for obtaining the compliance of such applicants with their undertakings under this Order. Each administering department and agency is directed to cooperate with the Secretary of Labor, and to furnish the Secretary such information and assistance as he may require in the performance of his functions under this Order.

(b) In the event an applicant fails and refuses to comply with his undertakings, the administering department or agency may take any or all of the following actions: (1) cancel, terminate, or suspend in whole or in part the agreement, contract, or other arrangement with such applicant with respect to which the failure and refusal occurred; (2) refrain from extending any further assistance to the applicant under the program with respect to which the failure or refusal occurred until satisfactory assurance of future compliance has been received from such applicant; and (3) refer the case to the Department of Justice for appropriate legal proceedings.

(c) Any action with respect to an applicant pursuant to Subsection (b) shall be taken in conformity with Section 602 of the Civil Rights Act of 1964 (and the regulations of the administering department or agency issued thereunder), to the extent applicable. In no case shall action be taken with respect to an applicant pursuant to Clause (1) or (2) of Subsection (b) without notice and opportunity for hearing before the administering department or agency.

SEC. 304. Any executive department or agency which imposes by rule, regulation, or order requirements of nondiscrimination in employment, other than requirements imposed pursuant to this Order, may delegate to the Secretary of Labor by agreement such responsibilities with respect to compliance standards, reports, and procedures as would tend to bring the administration of such requirements into conformity with the administration of requirements imposed under this Order: *Provided*, That actions to effect compliance by recipients of Federal financial assistance with requirements imposed pursuant to Title VI of the Civil Rights Act of 1964 shall be taken in conformity with the procedures and limitations prescribed in Section 602 thereof and the regulations of the administering department or agency issued thereunder.

PART IV—MISCELLANEOUS

SEC. 401. The Secretary of Labor may delegate to any officer, agency, or employee in the Executive branch of the Government, any function or duty of the Secretary under Parts II and III of this Order, except authority to promulgate rules and regulations of a general nature.

SEC. 402. The Secretary of Labor shall provide administrative support for the execution of the program known as the "Plans for Progress."

SEC. 403. (a) Executive Orders Nos. 10590 (January 19, 1955), 10722 (August 5, 1957), 10925 (March 6, 1961), 11114 (June 22, 1963), and 11162 (July 28, 1964), are hereby superseded and the President's Committee on Equal Employment Opportunity established by Executive Order No. 10925 is hereby abolished. All records and property in the custody of the Committee shall be transferred to the Civil Service Commission and the Secretary of Labor, as appropriate.

(b) Nothing in this Order shall be deemed to relieve any person of any obligation assumed or imposed under or pursuant to any Executive Order superseded by this Order. All rules, regulations, orders, instructions, designations, and other directives issued by the President's Committee on Equal Employment Opportunity and those issued by the heads of various departments or agencies under or pursuant to any of the Executive orders superseded by this Order, shall, to the extent that they are not inconsistent with this Order, remain in full force and effect unless and until revoked or superseded by appropriate authority. References in such directives to provisions of the superseded orders shall be deemed to be references to the comparable provisions of this Order.

SEC. 404. The General Services Administration shall take appropriate action to revise the standard Government contract forms to accord with the provisions of this Order and of the rules and regulations of the Secretary of Labor.

SEC. 405. This Order shall become effective thirty days after the date of this Order.

LYNDON B. JOHNSON

THE WHITE HOUSE,
September 24, 1965.

[F.R. Doc. 65-10340; Filed, Sept. 24, 1965; 4:18 p.m.]

Executive Order 11246

EQUAL EMPLOYMENT OPPORTUNITY

Correction

30 F.R. 12935 et seq.

Two typographical errors in Executive Order No. 11246 of September 24, 1965 (30 F.R. 12319), are corrected as follows:

1. In Section 202 the word "involved" in paragraph (6) of the quoted contract provisions is corrected to read "invoked".

2. In Section 301 the reference to "Section 203" is corrected to read "Section 202".

EXECUTIVE ORDERS (Continued)

32 F.R. 14303 et seq.

Executive Order 11375

AMENDING EXECUTIVE ORDER NO 11246, RELATING TO EQUAL
EMPLOYMENT OPPORTUNITY

It is the policy of the United States Government to provide equal opportunity in Federal employment and in employment by Federal contractors on the basis of merit and without discrimination because of race, color, religion, sex or national origin.

The Congress, by enacting Title VII of the Civil Rights Act of 1964, enunciated a national policy of equal employment opportunity in private employment, without discrimination because of race, color, religion, sex or national origin.

Executive Order No. 11246¹ of September 24, 1965, carried forward a program of equal employment opportunity in Government employment, employment by Federal contractors and subcontractors and employment under Federally assisted construction contracts regardless of race, creed, color or national origin.

It is desirable that the equal employment opportunity programs provided for in Executive Order No. 11246 expressly embrace discrimination on account of sex.

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered that Executive Order No. 11246 of September 24, 1965, be amended as follows:

(1) Section 101 of Part I, concerning nondiscrimination in Government employment, is revised to read as follows:

"SEC. 101. It is the policy of the Government of the United States to provide equal opportunity in Federal employment for all qualified persons, to prohibit discrimination in employment because of race, color, religion, sex or national origin, and to promote the full realization of equal employment opportunity through a positive, continuing program in each executive department and agency. The policy of equal opportunity applies to every aspect of Federal employment policy and practice."

(2) Section 104 of Part I is revised to read as follows:

"SEC. 104. The Civil Service Commission shall provide for the prompt, fair, and impartial consideration of all complaints of discrimination in Federal employment on the basis of race, color, religion, sex or national origin. Procedures for the consideration of complaints shall include at least one impartial review within the executive department or agency and shall provide for appeal to the Civil Service Commission."

(3) Paragraphs (1) and (2) of the quoted required contract provisions in section 202 of Part II, concerning nondiscrimination in employment by Government contractors and subcontractors, are revised to read as follows:

"(1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

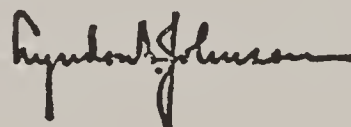
¹ 30 F.R. 12319; 3 CFR, 1964-1965 Comp., p. 339.

EXECUTIVE ORDERS (Continued)

"(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin." (4) Section 203 (d) of Part II is revised to read as follows:

"(d) The contracting agency or the Secretary of Labor may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his Compliance Report, a statement in writing, signed by an authorized officer or agent on behalf of any labor union or any agency referring workers or providing or supervising apprenticeship or other training, with which the bidder or prospective contractor deals, with supporting information, to the effect that the signer's practices and policies do not discriminate on the grounds of race, color, religion, sex or national origin, and that the signer either will affirmatively cooperate in the implementation of the policy and provisions of this order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the order. In the event that the union, or the agency shall refuse to execute such a statement, the Compliance Report shall so certify and set forth what efforts have been made to secure such a statement and such additional factual material as the contracting agency or the Secretary of Labor may require."

The amendments to Part I shall be effective 30 days after the date of this order. The amendments to Part II shall be effective one year after the date of this order.



THE WHITE HOUSE,
October 13, 1967.

[F.R. Doc. 67-12335; Filed, Oct. 13, 1967; 5:10 p.m.]

30 F.R. 12327

Executive Order 11247

PROVIDING FOR THE COORDINATION BY THE ATTORNEY GENERAL OF
ENFORCEMENT OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

WHEREAS the Departments and agencies of the Federal Government have adopted uniform and consistent regulations implementing Title VI of the Civil Rights Act of 1964 and, in cooperation with the President's Council on Equal Opportunity, have embarked on a coordinated program of enforcement of the provisions of that Title,

WHEREAS the issues hereafter arising in connection with coordination of the activities of the departments and agencies under that Title will be predominantly legal in character and in many cases will be related to judicial enforcement; and

WHEREAS the Attorney General is the chief law officer of the Federal Government and is charged with the duty of enforcing the laws of the United States:

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and laws of the United States, it is ordered as follows:

EXECUTIVE ORDERS (Continued)

SECTION 1. The Attorney General shall assist Federal departments and agencies to coordinate their programs and activities and adopt consistent and uniform policies, practices, and procedures with respect to the enforcement of Title VI of the Civil Rights Act of 1964. He may promulgate such rules and regulations as he shall deem necessary to carry out his functions under this Order.

SEC. 2. Each Federal department and agency shall cooperate with the Attorney General in the performance of his functions under this Order and shall furnish him such reports and information as he may request.

SEC. 3. Effective 30 days from the date of this Order, Executive Order No. 11197 of February 5, 1965, is revoked. Such records of the President's Council on Equal Opportunity as may pertain to the enforcement of Title VI of the Civil Rights Act of 1964 shall be transferred to the Attorney General.

SEC. 4. All rules, regulations, orders, instructions, designations and other directives issued by the President's Council on Equal Opportunity relating to the implementation of Title VI of the Civil Rights Act of 1964 shall remain in full force and effect unless and until revoked or superseded by directives of the Attorney General.

LYNDON B. JOHNSON

THE WHITE HOUSE,
September 24, 1965.

[F.R. Doc. 65-10341; Filed, Sept. 24^o, 1965; 4:18 p.m.]

UNITED STATES DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

WASHINGTON, D.C. 20250

OFFICE OF THE ADMINISTRATOR

December 22, 1970

Salomon Brothers
A. G. Becker & Co. Incorporated
Merrill Lynch, Pierce, Fenner & Smith Incorporated
The First Boston Corporation

As Representatives of the Underwriters
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Gentlemen:

As Assistant Administrator of the Farmers Home Administration (herein called "FHDA"), United States Department of Agriculture, I make reference to the following: (1) executed Purchase Agreement, dated December 9, 1970, relating to the sale, as of the date hereof, by FHDA to the Underwriters of the \$300,086,379.86 aggregate unpaid principal of Farmers Home Administration Insured Notes (herein called the "Notes"); and (2) Bailment Agreement, dated as of December 22, 1970, a form of which is attached as Schedule C to said Purchase Agreement, which Bailment Agreement provides for the custody of the Notes by Mercantile Trust Company National Association, St. Louis, Missouri (herein called "Custodian").

This is to certify that:

1. The representations and warranties of FHDA contained in said Purchase Agreement are true and correct as if made as of the date hereof; and
2. FHDA has delivered the Notes to the Custodian, to be held by the Custodian as bailee pursuant to the provisions of said Bailment Agreement, and the Custodian has duly receipted for the Notes.

Sincerely,



MARSHALL R. BURKES
Assistant Administrator -
Insured Note Marketing

DEPARTMENT OF AGRICULTURE
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, D.C. 20250

December 22, 1970

Salomon Brothers
A. G. Becker & Co. Incorporated
Merrill Lynch, Pierce, Fenner & Smith Incorporated
The First Boston Corporation

As Representatives of the Underwriters
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Gentlemen:

As Deputy General Counsel of the United States Department of Agriculture, I make reference to the following: (1) the Consolidated Farmers Home Administration Act of 1961, 7 U.S.C. 1921 et seq., and Title V of the Housing Act of 1949, 42 U.S.C. 1471 et seq.; (2) Order of the Secretary of Agriculture, dated November 27, 1964 (29 F.R. 16210), and regulations of the Farmers Home Administration (herein called "FHDA"), United States Department of Agriculture, 7 CFR, Part 1800; (3) executed Purchase Agreement, dated December 9, 1970; (4) signed Prospectus, dated December 9, 1970; (5) Opinion of the Attorney General of the United States dated December 29, 1969; and (6) related constitutional, statutory, and other laws of the United States. I have examined the foregoing in relation to the sale on or about December 22, 1970, to the Underwriters of the \$300,086,379.86 aggregate unpaid principal of Notes represented by Insurance Contracts (herein called "Contracts") to be delivered by FHDA as of such date.

I am of the opinion that:

1. FHDA has due power and authority to execute and deliver the Contracts and has taken all necessary action in connection therewith and, when the Contracts are duly executed and delivered to the Underwriters against payment of the agreed consideration for the Notes described in the schedules attached thereto, such Contracts will be legal, valid and binding undertakings of FHDA in accordance with their terms, and the full faith and credit of the United States are pledged to the obligations of FHDA set forth in such Contracts respecting insurance of the Notes, payment of additional interest and repurchase.

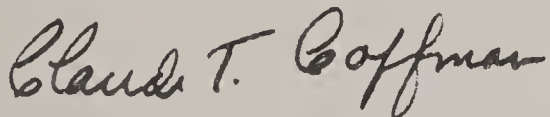
2. The Purchase Agreement has been duly and validly authorized, executed and delivered and constitutes a valid and binding obligation of FHDA.

3. No further approval, authorization, consent or other order of any public board or body is legally required for the sale by FHDA of the Notes pursuant to the Purchase Agreement and the Contracts.

4. The Contracts conform, in substance, with the terms and provisions thereof summarized in the Prospectus; nothing has come to my attention which would lead me to believe that the Prospectus at the time of the execution of the Purchase Agreement and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and the Notes represented by the Contracts are exempted securities within the meaning of the laws administered by the Securities and Exchange Commission, and need not be registered under the Securities Act of 1933, as amended.

The Opinion of the Attorney General of the United States dated December 29, 1969, excerpts of which appear in the Prospectus, has not been modified, altered, amended, or revoked.

Sincerely,

A handwritten signature in cursive script that reads "Claude T. Coffman".

CLAUDE T. COFFMAN
Deputy General Counsel

BROWN, WOOD, FULLER, CALDWELL & IVEY

70 PINE STREET, NEW YORK, N.Y. 10005

JOSEPH E. BISSELL
WILLIAM R. CARTER
LAURENCE F. CASEY
RICHARD CONWAY CASEY
NEWTON D. CRANE
THOMAS D. CREAN
HENRY W. HAPPEL
J. COURTNEY IVEY
CHARLES J. JOHNSON, JR.
A. ROSS JONES
RALPH L. JONES
GEORGE R. LASHNITS
JAMES B. MAY
WALTER G. MCNEILL
CHARLES D. PRUTZMAN, JR.
KAREL WESTERLING

LOUIS B. ETEN
STANHOPE FOSTER
OF COUNSEL

AREA CODE 212
WHITEHALL 4-2200

CABLE ADDRESS
"BROWOODFUL"

December 22, 1970

Salomon Brothers
A. G. Becker & Co. Incorporated
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
The First Boston Corporation
and the other Underwriters named in
Schedule A to the within-mentioned
Purchase Agreement
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Re: Farmers Home Insured Notes

Gentlemen:

We have acted as counsel for the Underwriters named in Schedule A to the Purchase Agreement, dated December 9, 1970 (the "Purchase Agreement"), between Farmers Home Administration ("FHDA"), an agency of the United States Department of Agriculture, and said Underwriters, relating to the sale by FHDA, and the purchase and public offering by the Underwriters, of \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes (the "Notes") represented by 600 Insurance Contracts (the "Contracts").

As counsel for the Underwriters we have examined such documents and records as we deemed appropriate, including the following: (a) copies of the Consolidated Farmers Home

Administration Act of 1961 (7 U.S.C. 1921 et seq.) and Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) certified by the Assistant Administrator (Insured Note Marketing) of FHDA; (b) the Regulations of FHDA (7 C.F.R. Part 1800); (c) Prospectus, dated December 9, 1970, signed by an Assistant Secretary of Agriculture; (d) executed Purchase Agreement; (e) Bailment Agreement, executed by the Custodian named therein; (f) opinion, dated December 29, 1969, of the Attorney General of the United States; (g) specimen Insurance Contract certified by the Assistant Administrator (Insured Note Marketing) of FHDA; and (h) signed opinion, rendered pursuant to Section 7(b) of the Purchase Agreement, of Claude T. Coffman, Esq., Deputy General Counsel, United States Department of Agriculture.

Based upon the foregoing we are of the opinion that:

1. FHDA has due power and authority to execute and deliver the Contracts and has taken all necessary action in connection therewith and, when the Contracts are duly executed and delivered to the Underwriters against payment of the agreed consideration therefor and for the Notes described in the schedules attached thereto, such Contracts will be legal, valid and binding undertakings of FHDA in accordance with their terms and the full faith and credit of the United States are pledged to the obligations of

FHDA set forth in such Contracts respecting insurance of the Notes, payment of additional interest and repurchase.

2. The Purchase Agreement has been duly and validly authorized, executed and delivered and constitutes a valid and binding obligation of FHDA.

3. No further approval, authorization, consent or other order of any public board or body is legally required for the sale by FHDA of the Notes pursuant to the Purchase Agreement and the Contracts.

4. The Contracts conform, in substance, with the terms and provisions thereof summarized in the Prospectus; the Notes represented by the Contracts are exempted securities within the meaning of laws administered by the Securities and Exchange Commission, and need not be registered under the Securities Act of 1933, as amended.

We have endeavored to see that the Prospectus contains no untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, but we cannot, of course, make any representation to you as to the accuracy or completeness of statements of fact contained therein. Nothing, however, has come to our attention that would lead us to believe that the Prospectus at the time of the execution of the Purchase Agreement and at the date hereof contains any untrue statement of a

material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

The opinion of Claude T. Coffman, Esq., Deputy General Counsel, United States Department of Agriculture, referred to above and delivered to you today pursuant to Section 7(b) of the Purchase Agreement, is in form and substance satisfactory to us.

Very truly yours,

Brown, Wood, Faller, Caldwell & Gray.

MANUFACTURERS HANOVER TRUST COMPANY

NEW YORK

December 22, 1970

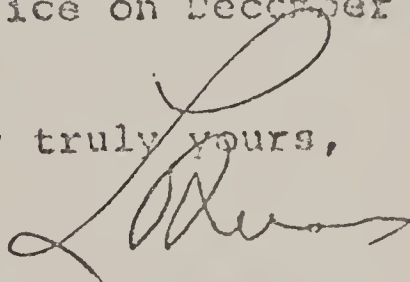
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Dear Sirs:

We hereby irrevocably authorize you to charge our account at the opening of business on December 22, 1970 for \$292,735,991.15 and immediately credit such amount to the United States Department of Agriculture, Farmers Home Administration.

This transfer pertains to the sale by the Farmers Home Administration to a group of underwriters of Farmers Home Insured Notes having aggregate unpaid principal balances of \$300,086,379.86, the closing for which transaction will occur at your office on December 22, 1970 at 9:30 A.M., New York time.

Very truly yours,



Louis L. Musanti,
Assistant Vice President

Received for Federal Reserve
Bank of New York

By:

ORIGINAL
Treasury Department Circular No. 25,
Rev. Supp. 1 (Third Amendment), Promulgated Sept.
1957, by Treasury Department, Fiscal Service, 202-10

CERTIFICATE OF DEPOSIT

Standard Form 219- Rev. 7-66

12/22/70 39
(Date prepared) (Deposit No.)

(1) Accounting station fixed at
12-40-0608

Deposited with: FEDERAL RESERVE BANK OF NEW YORK, N.Y.
(Name and location of depository)

(2) The sum of
\$ 292,735,991.15

(3) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
	\$		\$

(5) Department or Agency and address whose accounts are credited, IF OTHER THAN depository agency.

(4)

U.S. DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
1520 MARKET STREET
ST. LOUIS, MISSOURI 63103

Depositor's title: Department or Agency and address. If deposit is made for another accounting entity, identify in (5).

(6) SPACE BELOW TO BE USED BY DEPOSITORY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States, per the date shown, subject to adjustment for uncollected items included therein.

per pro: 6/1/71
(Authorized Signature)
SAFETY DEPARTMENT

12/22/70
(Date of credit in Treasurer's account)

Depository will date, sign, and forward with Statement of Account or Transcript of same date.

☆ GPO: 1969-312-310



MANUFACTURERS HANOVER TRUST COMPANY

40 WALL STREET, NEW YORK, N.Y. 10015

December 22, 1970

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Dear Sirs:

We hereby acknowledge receipt from you of
600 Insurance Contracts representing Farmers Home
Insured Notes having aggregate unpaid principal
balance of \$300,086,379.86.

Very truly yours,

Louis L. Musanti,
Assistant Vice President

MANUFACTURERS HANOVER TRUST COMPANY

NEW YORK

December 22, 1970

Salomon Brothers

A. G. Becker & Co., Incorporated

Merrill, Lynch, Pierce, Fenner & Smith Incorporated

The First Boston Corporation

c/o Salomon Brothers

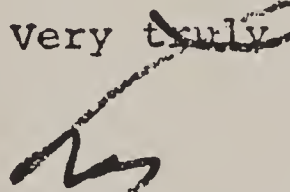
One New York Plaza

New York, New York 10004

Dear Sirs:

This is to advise you that we received from the Federal Reserve Bank of New York 600 Insurance Contracts representing \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes against payment to The Federal Reserve Bank of New York for the account of the Farmers Home Administration of the United States Department of Agriculture of \$292,735,991.15 in Federal Funds, representing the aggregate purchase price of \$298,735,991.15 less the \$6,000,000 deposited by the Underwriters with said Farmers Home Administration on December 9, 1970. The above Insurance Contracts were received by us for the account of the Underwriters set forth in Schedule A to the Purchase Agreement dated December 9, 1970 between such Underwriters, for whom you are acting as Representatives, and said Farmers Home Administration.

Very truly yours,


Louis L. Musanti,
Assistant Vice President

UNITED STATES DEPARTMENT OF AGRICULTURE

FARMERS HOME ADMINISTRATION

WASHINGTON, D.C. 20250

OFFICE OF THE ADMINISTRATOR

December 22, 1970

Salomon Brothers

A. G. Becker & Co. Incorporated

Merrill Lynch, Pierce, Fenner & Smith Incorporated

The First Boston Corporation

c/o Salomon Brothers

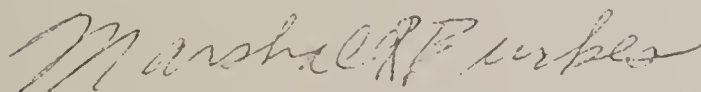
One New York Plaza

New York, New York 10004

Dear Sirs:

The Farmers Home Administration of the United States Department of Agriculture (FHDA) hereby acknowledges that the Federal Reserve Bank of New York has received from Manufacturers Hanover Trust Company for the account of FHDA the sum of \$292,735,991.15 in Federal funds. Such payment (after taking into account the \$6,000,000 deposited by the Underwriters for the account of FHDA on December 9, 1970) represents the purchase price for \$300,086,379.86 aggregate unpaid principal amount of Farmers Home Insured Notes in accordance with the Purchase Agreement, dated December 9, 1970, between FHDA and the Underwriters named in Schedule A to such Purchase Agreement.

Sincerely,



MARSHALL R. BURKES

Assistant Administrator -

Insured Note Marketing

CORRECTED

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
FINANCE OFFICE
1520 MARKET STREET
ST. LOUIS, MO. 63103

SCHEDULE A
RECAPITULATION

TOTAL SERIES D

300,086,379.66

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
FINANCE OFFICE
1520 MARKET STREET
ST. LOUIS, MO. 63103

SCHEDULE A
RECAPITULATION

SERIES	CONTRACT NO.	AMOUNT OF UNPAID PRINCIPAL AS OF NOV. 30, 1970
D	1	500,769.04
D	2	500,933.11
D	3	498,684.90
D	4	499,807.69
D	5	501,693.78
D	6	500,641.31
D	7	499,964.02
D	8	498,088.36
D	9	500,705.02
D	10	501,307.86
D	11	501,163.60
D	12	500,974.66
D	13	500,895.73
D	14	498,228.99
D	15	501,202.96
D	16	500,596.55
D	17	500,030.31
D	18	500,987.09
D	19	501,501.76
D	20	498,356.28
D	21	498,202.79
D	22	500,696.29
D	23	498,317.05
D	24	500,520.37
D	25	501,558.23
D	26	499,094.07
D	27	501,420.34
D	28	501,057.38
D	29	501,933.65
D	30	499,916.02

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	31	498,966.16
D	32	501,939.20
D	33	498,107.40
D	34	500,869.36
D	35	498,915.40
D	36	499,880.43
D	37	500,450.00
D	38	500,705.20
D	39	500,987.13
D	40	501,146.95
D	41	498,171.01
D	42	499,223.43
D	43	501,322.46
D	44	498,711.55
D	45	499,676.19
D	46	500,444.58
D	47	501,082.13
D	48	498,671.24
D	49	498,536.46
D	50	498,842.12
D	51	498,219.95
D	52	498,698.79
D	53	500,590.80
D	54	498,843.35
D	55	499,014.20
D	56	501,089.46
D	57	498,732.84
D	58	498,167.68
D	59	498,178.58
D	60	500,461.96
D	61	498,982.81
D	62	501,574.21
D	63	500,088.35
D	64	501,510.02
D	65	501,540.28
D	66	498,883.44
D	67	500,723.04
D	68	499,773.27
D	69	501,351.76
D	70	500,885.21
D	71	499,543.64
D	72	498,881.54
D	73	501,699.50

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	74	499,188.84
D	75	500,867.02
D	76	501,934.02
D	77	501,150.09
D	78	499,015.97
D	79	499,281.77
D	80	500,476.06
D	81	498,627.68
D	82	499,194.80
D	83	498,297.64
D	84	498,247.01
D	85	499,512.67
D	86	499,432.19
D	87	499,390.74
D	88	501,127.89
D	89	498,004.94
D	90	498,797.19
D	91	498,614.64
D	92	501,735.27
D	93	499,372.64
D	94	499,413.18
D	95	500,815.12
D	96	501,357.44
D	97	499,397.79
D	98	498,535.71
D	99	498,713.02
D	100	500,195.83
D	101	498,026.86
D	102	499,828.36
D	103	499,384.98
D	104	501,946.39
D	105	500,673.61
D	106	498,172.01
D	107	501,601.65
D	108	499,561.79
D	109	498,877.94
D	110	498,992.72
D	111	498,449.53
D	112	500,356.51
D	113	501,762.54
D	114	500,337.15
D	115	500,057.50
D	116	500,012.02

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	117	499,309.41
D	118	498,261.33
D	119	499,945.27
D	120	498,724.24
D	121	501,540.64
D	122	501,539.99
D	123	501,157.54
D	124	501,213.92
D	125	499,362.64
D	126	499,818.06
D	127	500,202.86
D	128	500,537.85
D	129	498,687.28
D	130	501,516.31
D	131	499,727.48
D	132	499,350.67
D	133	499,280.31
D	134	501,960.81
D	135	500,722.95
D	136	499,792.07
D	137	500,509.06
D	138	500,868.71
D	139	501,575.54
D	140	498,117.25
D	141	500,098.55
D	142	501,321.55
D	143	501,485.10
D	144	500,596.06
D	145	500,674.36
D	146	501,805.23
D	147	501,069.21
D	148	501,040.75
D	149	498,977.53
D	150	499,108.62
D	151	499,188.24
D	152	498,505.69
D	153	501,601.96
D	154	501,683.49
D	155	498,829.00
D	156	500,498.20
D	157	501,819.29
D	158	500,612.82
D	159	499,797.58

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	160	499,418.82
D	161	498,739.92
D	162	500,744.63
D	163	499,875.03
D	164	500,740.13
D	165	498,860.29
D	166	501,867.80
D	167	501,545.46
D	168	501,217.42
D	169	498,479.50
D	170	500,231.94
D	171	498,304.17
D	172	501,752.83
D	173	500,166.95
D	174	499,334.52
D	175	500,829.04
D	176	498,607.08
D	177	500,041.81
D	178	501,555.69
D	179	501,877.43
D	180	499,076.03
D	181	500,626.14
D	182	501,648.02
D	183	499,351.54
D	184	500,561.23
D	185	498,625.66
D	186	500,292.83
D	187	499,354.16
D	188	501,664.02
D	189	501,814.23
D	190	500,154.98
D	191	500,723.63
D	192	499,860.35
D	193	501,463.67
D	194	501,223.16
D	195	498,982.15
D	196	501,537.31
D	197	500,625.33
D	198	500,550.98
D	199	500,566.05
D	200	500,344.45
D	201	500,867.97
D	202	499,414.84

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	203	501,173.77
D	204	501,464.88
D	205	499,167.99
D	206	500,160.14
D	207	501,099.93
D	208	501,821.20
D	209	499,868.57
D	210	501,015.13
D	211	501,203.51
D	212	498,335.84
D	213	498,647.24
D	214	498,959.23
D	215	501,500.59
D	216	500,290.44
D	217	500,180.22
D	218	500,186.92
D	219	501,170.72
D	220	498,808.50
D	221	498,278.22
D	222	501,612.86
D	223	499,628.31
D	224	499,902.21
D	225	501,324.03
D	226	500,768.18
D	227	498,583.11
D	228	500,557.04
D	229	499,568.08
D	230	500,869.23
D	231	500,452.99
D	232	500,071.96
D	233	501,732.02
D	234	501,551.20
D	235	499,885.88
D	236	500,071.95
D	237	498,257.28
D	238	500,246.28
D	239	501,038.10
D	240	499,924.10
D	241	500,849.50
D	242	500,489.29
D	243	499,186.75
D	244	499,931.61
D	245	498,459.39

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	246	498,106.68
D	247	501,163.72
D	248	500,141.61
D	249	500,297.16
D	250	501,011.65
D	251	501,745.03
D	252	501,480.48
D	253	498,512.30
D	254	499,501.17
D	255	501,266.64
D	256	500,175.24
D	257	501,101.97
D	258	500,660.83
D	259	500,855.53
D	260	501,589.34
D	261	498,286.24
D	262	499,590.48
D	263	500,343.18
D	264	499,750.44
D	265	499,521.87
D	266	499,273.82
D	267	501,421.02
D	268	501,332.95
D	269	501,188.56
D	270	499,021.25
D	271	499,386.36
D	272	500,155.68
D	273	498,621.52
D	274	498,676.64
D	275	501,808.16
D	276	501,231.22
D	277	499,164.14
D	278	501,354.50
D	279	500,143.56
D	280	501,664.72
D	281	501,827.53
D	282	500,118.91
D	283	501,084.87
D	284	498,857.41
D	285	501,422.20
D	286	500,398.97
D	287	499,673.55
D	288	500,560.93

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	289	498,762.46
D	290	498,558.53
D	291	499,680.53
D	292	498,270.93
D	293	499,715.02
D	294	500,391.67
D	295	499,387.19
D	296	501,145.70
D	297	499,004.17
D	298	501,043.09
D	299	501,668.39
D	300	499,077.33
D	301	501,210.52
D	302	501,942.20
D	303	499,568.30
D	304	500,644.94
D	305	501,514.70
D	306	501,883.54
D	307	501,693.98
D	308	501,832.76
D	309	498,347.71
D	310	500,084.83
D	311	501,800.52
D	312	499,679.63
D	313	498,742.71
D	314	499,549.90
D	315	499,577.64
D	316	499,423.48
D	317	500,668.35
D	318	501,231.43
D	319	501,395.31
D	320	498,933.70
D	321	498,883.57
D	322	500,586.26
D	323	500,944.91
D	324	499,284.34
D	325	501,293.86
D	326	501,853.17
D	327	500,812.97
D	328	501,328.39
D	329	499,375.27
D	330	498,774.50
D	331	501,396.02

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	332	500,014.53
D	333	499,645.38
D	334	501,611.93
D	335	498,576.48
D	336	500,983.35
D	337	499,120.35
D	338	498,789.23
D	339	498,684.13
D	340	500,422.01
D	341	501,150.18
D	342	498,371.77
D	343	501,266.34
D	344	500,143.48
D	345	499,113.98
D	346	499,136.48
D	347	498,937.87
D	348	501,234.02
D	349	499,791.86
D	350	500,192.84
D	351	501,656.81
D	352	501,229.87
D	353	498,769.54
D	354	501,136.97
D	355	498,657.80
D	356	500,911.84
D	357	501,502.93
D	358	499,579.72
D	359	501,281.60
D	360	500,322.78
D	361	498,617.43
D	362	500,272.63
D	363	500,254.04
D	364	501,144.28
D	365	501,983.59
D	366	500,955.42
D	367	499,074.33
D	368	498,907.35
D	369	501,678.46
D	370	500,975.17
D	371	499,843.93
D	372	499,068.51
D	373	499,542.95
D	374	499,813.61

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	375	499,387.92
D	376	500,939.72
D	377	500,808.00
D	378	498,228.53
D	379	501,968.31
D	380	498,385.14
D	381	498,364.92
D	382	499,579.76
D	383	500,590.79
D	384	498,206.38
D	385	499,788.72
D	386	500,094.01
D	387	500,029.93
D	388	498,629.75
D	389	500,549.93
D	390	501,003.95
D	391	500,809.14
D	392	501,900.26
D	393	499,585.40
D	394	499,215.81
D	395	500,587.05
D	396	498,772.15
D	397	500,875.35
D	398	499,522.70
D	399	499,511.40
D	400	498,151.02
D	401	501,963.98
D	402	499,477.50
D	403	499,452.01
D	404	499,029.39
D	405	501,912.40
D	406	501,655.04
D	407	499,486.02
D	408	499,336.57
D	409	498,918.59
D	410	500,370.41
D	411	500,273.88
D	412	501,972.53
D	413	500,265.23
D	414	501,138.46
D	415	499,753.41
D	416	498,998.42
D	417	501,526.54

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	418	500,505.02
D	419	501,656.51
D	420	500,608.00
D	421	500,013.77
D	422	498,037.70
D	423	500,172.71
D	424	501,169.23
D	425	501,224.27
D	426	498,694.46
D	427	499,281.06
D	428	501,009.05
D	429	498,505.10
D	430	500,404.34
D	431	499,938.86
D	432	501,156.32
D	433	499,158.52
D	434	498,027.88
D	435	498,541.80
D	436	499,697.28
D	437	498,460.98
D	438	498,906.73
D	439	501,944.44
D	440	501,071.25
D	441	499,895.29
D	442	500,410.66
D	443	501,832.15
D	444	499,496.67
D	445	499,440.54
D	446	500,666.18
D	447	499,386.71
D	448	499,442.30
D	449	500,723.76
D	450	499,476.38
D	451	501,499.01
D	452	500,647.47
D	453	500,376.20
D	454	498,899.98
D	455	498,417.15
D	456	501,494.10
D	457	499,101.72
D	458	499,268.88
D	459	498,333.24
D	460	500,566.10

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	461	498,295.55
D	462	500,210.58
D	463	500,240.25
D	464	498,444.91
D	465	500,581.76
D	466	499,670.25
D	467	501,542.37
D	468	499,578.82
D	469	500,607.55
D	470	498,053.97
D	471	499,444.65
D	472	499,618.28
D	473	500,634.20
D	474	498,342.31
D	475	500,141.35
D	476	499,132.74
D	477	500,736.16
D	478	501,918.91
D	479	500,950.63
D	480	501,008.16
D	481	501,860.99
D	482	501,170.10
D	483	500,788.32
D	484	498,899.09
D	485	501,504.89
D	486	500,838.19
D	487	499,498.40
D	488	501,843.89
D	489	501,604.43
D	490	500,867.55
D	491	500,753.75
D	492	500,066.19
D	493	500,994.95
D	494	500,420.04
D	495	500,328.49
D	496	499,767.31
D	497	501,261.50
D	498	501,039.37
D	499	499,356.02
D	500	500,417.80
D	501	500,466.71
D	502	499,672.77
D	503	500,926.58

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	504	500,508.06
D	505	501,233.59
D	506	499,696.91
D	507	499,018.13
D	508	499,678.78
D	509	501,853.23
D	510	499,171.97
D	511	501,191.59
D	512	500,984.62
D	513	501,733.99
D	514	501,367.12
D	515	500,080.04
D	516	501,555.14
D	517	501,508.69
D	518	500,834.83
D	519	500,154.53
D	520	498,589.65
D	521	501,753.11
D	522	500,130.09
D	523	498,493.58
D	524	498,893.39
D	525	499,539.68
D	526	499,967.16
D	527	500,028.83
D	528	499,386.20
D	529	499,683.68
D	530	501,233.57
D	531	499,078.35
D	532	499,442.61
D	533	501,725.08
D	534	501,596.66
D	535	499,152.60
D	536	499,262.35
D	537	499,010.62
D	538	500,487.20
D	539	499,966.87
D	540	499,769.20
D	541	499,078.04
D	542	498,066.25
D	543	501,393.89
D	544	498,568.29
D	545	498,736.78
D	546	499,144.99

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30, 1970

SERIES CONTRACT NO.

D	547	501,369.47
D	548	501,105.32
D	549	499,061.94
D	550	500,414.78
D	551	501,672.11
D	552	501,833.54
D	553	499,975.50
D	554	501,128.00
D	555	501,387.17
D	556	501,049.28
D	557	500,628.19
D	558	501,173.04
D	559	501,340.00
D	560	499,558.10
D	561	498,858.16
D	562	500,918.19
D	563	498,864.76
D	564	501,591.90
D	565	498,913.98
D	566	499,747.91
D	567	500,915.12
D	568	501,315.56
D	569	500,011.44
D	570	498,542.82
D	571	498,667.77
D	572	501,774.00
D	573	500,617.54
D	574	501,282.52
D	575	501,885.07
D	576	499,405.38
D	577	501,839.58
D	578	499,241.04
D	579	501,785.71
D	580	499,220.61
D	581	499,316.87
D	582	498,888.92
D	583	501,362.83
D	584	500,732.51
D	585	501,631.89
D	586	501,941.55
D	587	498,739.51
D	588	500,911.98
D	589	500,276.24

AMOUNT OF
UNPAID
PRINCIPAL AS OF
NOV. 30 , 1970

SERIES CONTRACT NO.

D	590	499,783.52
D	591	498,752.60
D	592	500,595.08
D	593	498,477.84
D	594	499,664.61
D	595	500,603.36
D	596	500,481.79
D	597	498,943.97
D	598	499,957.98
D	599	498,257.59
D	600	499,794.63

TOTAL SERIES D

300,086,379.86

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
FINANCE OFFICE
1520 MARKET STREET
ST. LOUIS, MO. 63103

SCHEDULE A

FOR ATTACHMENT TO INSURANCE CONTRACT SERIES D, NO. 6

BORROWER NAME	BORROWER CASE NUMBER	LOAN NO.	DATE OF NOTE	INT. RATE OF NOTE	FACE AMOUNT OF NOTE	AMOUNT OF UNPAID PRINCIPAL AS OF NOV. 30, 1970	FUND CODE
BROADBENT, LURANA S	02 09 939920	1	011165	4.0000	10,500.00	9,321.70	370
HATCH, S RAY	02 09 958636	1	011265	4.0000	12,990.68	11,224.55	362
GILLESPIE, WILLIAM E	02 09 964486	1	021265	4.0000	13,554.84	11,648.32	362
FLAKE, FRANKLIN L	02 09 997515	1	081165	4.0000	12,000.00	10,748.51	362
RUEBUCK, JOHNNY C	02 10 521835	2	040168	5.0000	6,342.16	6,056.15	362
RAMIREZ, SANTIAGO	02 10 569122	1	062768	5.0000	6,289.95	6,029.11	362
SLAPE JR, MURRIS	02 10 708774	1	012467	4.0000	6,500.00	6,229.86	362
BERRY, GEORGE	02 10 708775	1	012467	4.0000	6,150.00	5,768.87	362
WINCHER, WILSON	02 10 708776	1	012467	4.0000	6,500.00	6,085.21	362
VALENZUELA,	02 10 708777	1	012467	4.0000	6,150.00	6,033.03	362
LERMA, BASILIO	02 10 708779	1	012467	4.0000	6,500.00	6,122.62	362
PITTS, CURTIS	02 10 708780	1	012467	4.0000	6,500.00	6,500.00	362
SHERMAN, W D	02 10 708781	1	012467	4.0000	6,150.00	5,742.85	362
LEWIS, WINFORD LEE	02 10 708782	1	012467	4.0000	6,500.00	6,307.64	362
LEE, EDWARD	02 10 708783	1	012467	4.0000	6,500.00	6,169.06	362
MILLS, DELMAR R	02 11 664254	1	062266	4.0000	9,500.00	8,398.02	370
NUANFZ, LETATIO G	02 13 879896	1	050763	4.0000	13,000.00	11,159.57	362
MOONEY, GEORGE W	02 13 928895	1	052764	4.0000	8,000.00	5,999.00	370
RODRIGUEZ, VINCENT	02 14 437209	1	111765	4.0000	9,120.00	8,336.93	362
HOFFMAN, JOSEPH L	02 14 589645	1	111665	4.0000	10,300.00	9,384.60	362
RUSH, ROBERT E	02 14 589960	1	092165	4.0000	11,800.00	10,781.94	362
MILLER, JOHN THOMAS	02 14 601196	1	051564	4.0000	14,600.00	13,523.04	362
CRABTREE, VIRGIL RAY	02 14 605382	1	091065	4.0000	7,900.00	7,194.28	370
HUMEUMPTENA, VINCENT	02 14 614759	1	111865	4.0000	11,500.00	9,921.03	362
DAWSON, RICHARD L	02 14 714217	1	080563	4.0000	14,200.00	12,333.61	362
HURTON, WILEY G	02 14 870665	1	031963	4.0000	14,180.00	11,931.90	362
CULEMAN, JAMES L	02 14 887514	1	080163	4.0000	13,850.00	11,738.75	362
CRUMP, JEAN LEON	02 14 910020	1	021864	4.0000	14,600.00	13,109.99	362
BAIRD, THOMAS J	02 14 911805	1	033064	4.0000	13,500.00	11,237.87	362
CHISAM, LOYD W	02 14 917409	1	032664	4.0000	13,300.00	12,153.93	362
GALLAHER, LESLIE H	02 14 929573	1	061864	4.0000	7,800.00	7,152.30	362
YUWELL, RONALD	02 14 930038	1	061064	4.0000	12,540.00	11,414.92	362
ALVARADO, ADELINA L	02 14 943774	1	102164	4.0000	5,500.00	4,785.90	362
PERRY, RAYMOND	02 14 946977	1	112764	4.0000	3,000.00	2,273.51	370
LUGO, LUPE C	02 14 948741	1	120464	4.0000	1,000.00	874.26	370
STEPHENS, J L	02 14 954257	2	080168	4.0000	4,887.37	4,613.82	362
MUNDOZ, ROMAN E	02 14 960964	1	030365	4.0000	1,000.00	827.66	362
ARSAGA, FRED	02 14 970506	1	040565	4.0000	9,800.00	8,652.20	362
CURLEY, DAVID A	02 14 970618	1	041365	4.0000	8,000.00	7,353.44	362
PATRICIO, GEORGE	02 14 970622	1	041365	4.0000	8,000.00	7,353.31	362
KINCAID, CECIL B	02 14 998441	1	081265	4.0000	8,000.00	7,495.67	362
GOMEZ, LEOPOLDO E	02 14 998442	1	080465	4.0000	7,780.00	7,264.35	362

BORROWER NAME	BORROWER CASE NUMBER	LOAN NO.	DATE OF NOTE	INT. RATE OF NOTE	FACE AMOUNT OF NOTE	AMOUNT OF UNPAID PRINCIPAL AS OF NOV. 30, 1970	FUND CODE
SALAS, AUGUSTIN H	02 14 998443	1	080465	4.0000	7,000.00	6,369.80	362
RUIZ, FERMIN	02 14 998444	1	080465	4.0000	7,780.00	7,163.34	362
NUNN, HENRY E	02 15 762210	2	110167	5.0000	950.00	919.27	362
CARLING, IVAN A	02 18 461951	1	082163	4.0000	15,500.00	13,628.48	362
DEWALI, HARRISON A	02 18 632289	1	020866	4.0000	11,900.00	10,873.04	370
DURAN, DANIEL S	02 18 688154	1	101566	4.0000	8,500.00	7,934.87	370
WILSON, ISADORA C	02 19 715891	1	022167	4.0000	6,450.00	5,913.30	370
THOMAS, JOSEPH W	02 19 979695	1	072165	4.0000	9,500.00	8,900.14	362
SAMPSON, WILLIAM	02 19 979696	1	072165	4.0000	7,600.00	6,335.65	370
JUAN, RAYMOND	02 19 982093	1	072165	4.0000	6,500.00	6,090.39	362
CLARK, WESLEY	02 19 998440	1	080965	4.0000	9,250.00	8,548.79	362
WAANANEN, CARL A	02 20 943993	1	102364	4.0000	8,000.00	7,063.97	362
PHILLIPS, LEM	03 01 614644	1	120265	4.0000	1,000.00	874.87	370
PORTER, JAMES L	03 01 614645	1	120265	4.0000	2,200.00	1,883.46	370
GUNNELL, ESSEX M	03 01 635368	1	031766	4.0000	1,460.00	1,105.58	370
RYAN, ALVIN J	03 01 893300	1	031066	4.0000	1,200.00	1,104.20	370
RANSOM, ESCUE	03 01 976197	2	120265	4.0000	7,500.00	7,090.79	362
ALLISON, BARNEY E	03 02 330040	10	081364	4.0000	9,000.00	8,064.66	362
MCDUGGALD, RUGER D	03 02 601315	1	111665	4.0000	8,000.00	7,086.16	362
KNIGHT, HENRY C	03 02 601316	1	082665	4.0000	7,800.00	6,983.76	362
BRANSTETTER, T O	03 02 602781	1	102165	4.0000	10,000.00	9,184.97	362
ROBINSON, JESSIE	03 02 627904	1	030466	4.0000	5,400.00	4,855.81	370
JACKSON, WALTER	03 02 660014	1	071566	4.0000	1,450.00	1,117.40	370
DANIEL, THOMAS M	03 02 668689	1	093066	4.0000	7,500.00	7,056.10	370
WILKERSON, TUMMIE S	03 02 670820	1	080266	4.0000	4,000.00	3,377.75	370
PENDLETON, LAURA	03 02 694703	1	021067	4.0000	5,200.00	4,785.02	370
GRIFFIN, WILLIAM	03 02 713051	1	050567	4.0000	5,500.00	5,000.49	370
DUCKERY, MARY	03 02 836827	5	011466	4.0000	4,600.00	4,075.97	370

TOTAL

70

556,525.00

500,641.31

THIS SCHEDULE WILL BE OUT OF DATE AS OF JANUARY 31, 1971 AND
MUST BE REPLACED BY SCHEDULE B UPON RECEIPT THEREOF BY THE HOLDER.

MAY 8 1970

SUBJECT: Proposed Sale of Direct Housing Loans as Insured Loans

TO: Dr. Marshall Butler
Assistant Administrator -
Federal Home Mortgage
Administration

This supplements our recent discussion of the possibility of a block sale on an insured basis of direct rural housing loan notes transferred from the Rural Housing Direct Loan Account to the Rural Housing Insurance Fund (RHIF) under section 517(b) of the Housing Act of 1949, as amended by section 413(b) of Public Law 91-12, approved December 24, 1969, which also amended section 517(a) of the Housing Act of 1949.

In our opinion the amended statute authorizes selling these direct rural housing loans out of the RHIF as insured loans. For the purpose of selling them as insured loans, they may be treated the same as any other loans sold out of the RHIF. However, if the FHA is to insure the security covering for these loans, a declaration of trust covering the related mortgages will be required. We are now working on an appropriate form of declaration of trust.

You asked also whether current and future direct housing loans sold out of the RHIF may be included in such block sales. It is likewise our opinion that the provisions of sections 517(d) and 517(e) permit the sale as an insured loan of any direct housing loan sold out of the RHIF. However, it appears that a declaration of trust would not be required for future loans of this kind if the insured loan form of promissory note and mortgage are used in lieu of the direct loan form.

Accordingly, in order to facilitate sales out of the RHIF as insured loans of direct housing notes sold in the future, we recommend that the Federal Home Administration put into effect as soon as possible a change-over in the use of note and mortgage forms. We have made a preliminary review of the forms and find that the current insured promissory note and mortgage forms can be used for this purpose with little or no change.

For example, in the case of direct SBA loans for home and home-improvement purposes, Form FHA 413-15, "Preliminary Note (Insured Loan)", and the Form FHA 427-1 series of real estate mortgages forms may be used instead of Form FHA 413-17, "Preliminary Note (Direct Loan)", and the Form FHA 427-2 series forms.

We will be glad to assist in the preparation of an Administration letter or other directive to make the change-over effective.

LaBruce W. King

LaBruce W. King, Director
Farmers Home Division

FH-589/000:ABSeigel:mlo/5-8-70

DECLARATION OF TRUST

THIS TRUST INDENTURE, executed this 17th day of September, 1970, by the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government", pursuant to title V of the Housing Act of 1949 (42 U.S.C. 1471, et seq.);

WITNESSES:

WHEREAS, as a result of the enactment of subsection 413(e) of the Housing and Urban Development Act of 1969 (Public Law 91-152), approved December 24, 1969, all direct loans made under sections 502, 503, 504, and 515(a) of the Housing Act of 1949 have become assets of the Rural Housing Insurance Fund, herein called the "Fund", and are subject to the provisions of section 517 of the Housing Act of 1949; and

WHEREAS, all such loans made prior to July 1, 1970, herein called the "loans", are secured by real estate mortgages, deeds of trust, and like security instruments, herein called "the mortgages", made in favor of the Government and securing payment of the promissory notes or assumption agreements described therein, herein called "the notes"; and

WHEREAS, the loans may be sold by the Government out of the Fund as insured loans under the provisions of said section 517, and in such event legal title to the mortgages would ordinarily pass to the purchasers of the insured notes; and

WHEREAS, in administering its insured loan programs, the Government acts as collection and servicing agent for the insured noteholder, and for the purpose of retaining legal title to the mortgages so as to enable it to service them after the sale of any of the related loans, the Government, as owner of the mortgages, desires to declare itself as trustee thereof for the benefit of the insured noteholders;

NOW, THEREFORE, it is hereby declared and covenanted that in the event of any future sale of any of the loans, the Government shall hold the mortgage related to each loan so sold, together with all rights, titles, interests, liens, powers, and options of the mortgagee, grantee, or beneficiary in, to, and under the mortgage and in, to, and upon the property described therein, in trust for the use and benefit of the holder of the note(s) described therein. The Government shall have full power to manage the trust property covered by this Declaration and shall have, use, and enforce all rights, powers, and authority of the mortgagee, grantee, or beneficiary under such mortgage, including but not limited to the subordination, assignment, release, satisfaction, and discharge of such mortgage, in whole or in part: Provided, That any instrument executed by the Government in connection with such subordination, assignment, release, satisfaction, or other security servicing action may be executed by the Government in its own name, without reference to its capacity as trustee: Provided further, That the trust hereby declared shall not be revocable by any holder of such note(s), and shall be subject to the provisions of title V of the Housing Act of 1949 (42 U.S.C. 1471, et seq.), as now or hereafter amended or supplemented: And provided further, That no holder of any note(s) described in such mortgage shall be liable for compensation to the Government for the exercise by the Government of any rights, power, or authority hereunder or for any expenses incurred in connection herewith.

This Declaration of Trust shall take effect as to any mortgage covered hereby upon the sale of any note(s) secured thereby, and shall remain effective while any party other than the Government owns such note(s).

IN WITNESS WHEREOF, the United States of America has caused this trust indenture to be executed as of the day and year first above written pursuant to delegated authority published in 29 F.R. 16212.

Signed in the presence of:

UNITED STATES OF AMERICA

Marshall Barker

By

James V. Smith

Administrator

Farmers Home Administration

United States Department of Agriculture

Shirley P. Bissell

ACKNOWLEDGMENT

CITY OF WASHINGTON)
DISTRICT OF COLUMBIA) ss:

I, the undersigned notary public in and for the City of Washington, District of Columbia, do hereby certify that on this 17th day of September, 1970, before me personally appeared James V. Smith, personally known to me and to me personally known to be the person and officer of the Farmers Home Administration, United States Department of Agriculture, described in and who executed and delivered the foregoing instrument, and being by me duly sworn (or affirmed), and being informed of the contents of said instrument, he acknowledged to me that as his free act and deed he executed said instrument, in the capacity therein stated and for the purposes and consideration therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(NOTARIAL SEAL)

Mildred C. de Lathauwer

Notary Public

My commission expires May 31, 1971.

